

(10)

MINUTES OF  
PRODIGY SERVICES COMPANY  
EXECUTIVE COMMITTEE MEETING  
  
WHITE PLAINS, N.Y.

JULY 20, 1988

A meeting of the Executive Committee of Prodigy Services Company, a partnership organized under the laws of the State of New York, was held at 7:30 a.m. on July 20, 1988 at the Prodigy offices located at 445 Hamilton Ave., White Plains, NY.

Members Present: Mr. R. T. Liebhaber  
Mr. C. F. Moran

Absent: None

Others Present: Mr. T. C. Papes  
Mr. J. H. Beall  
Mr. H. Heilbrunn  
Mr. J. M. Hewitt  
Mr. G. M. Perry  
Mr. R. M. Shapiro  
Mr. H. E. Smith  
Mr. R. S. Glatzer (Part time)  
Mr. H. C. Perce (Part time)  
Mr. J. M. Pugliese (Part time)  
Mr. B. Turchin (Part time)  
Mr. D. J. Waks (Part time)

Mr. C. F. Moran presided as Chairman of the meeting, and Mr. Perry, Secretary of the Company, recorded the minutes. Upon motion duly made, seconded and unanimously carried the minutes of the June 29, 1988 meeting were approved.

## I. SERVICE READINESS REPORT

The Chairman first called upon Messrs. Heilbrunn and Beall who, using visual aids copies of which are attached as Exhibits A and B respectively, presented the Service Readiness report. Mr. Heilbrunn began the report by reviewing the status of both commercial and non-commercial content on the PRODIGY<sup>SM</sup> service. With respect to commercial content, he said that: (a) seven new clients have come on-service since the last meeting of the

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Committee and a major expansion of one existing client was also achieved; (b) seven additional new client packages are in the final stages of development and should be live on the service within a few days; (c) nine existing client packages are in the refresh process, and the Sears Merchant package is undergoing a major renovation for the Christmas catalog, adding 400 new screens; and (d) work is in process on an additional ten new clients, which are expected to go live in the September/October time-frame.

With respect to non-commercial content, Mr. Heilbrunn reported that, since the last meeting, two special editorial sections were run (the Democratic convention, which included the ability to get responses from Germond and Novak directly from the convention floor, and a special on the "Greenhouse" effect); Consumer Reports added nine new reports; the CEO game with quick menus began; and the "Sign On, Cash In" game was completed. He reviewed the results of the "Sign On, Cash In" game, saying that there were 66 winners of the daily prize, which was about one-third of the possible winners. The grand prize drawing for a cruise donated by Norwegian Cruise Lines will occur in mid-August.

Mr. Heilbrunn then reviewed several charts showing various usage measurements for the four groups being tracked (the Hartford testers, the Panel testers, the Connecticut Computer Society, and the new Founding Members). He pointed out that there have been slight improvements in some areas, but all measurements are still well below the Long Range Plan except the measurement for minutes per session, which is double the Long Range Plan projection for this period. He said that the dollar volume of June purchases was down from the May volume. Electronic Order Blank ordering has proved more popular than initially projected, and greater emphasis will be put on EOB with future clients.

Following this report, Mr. Beall reported on the status of various special applications as follows: (a) the first production order on the Kroger application was placed June 30, and regular commercial delivery began July 5 with a small number of test users; the first store is scheduled for full operation on August 1; the second store is scheduled on-service in October and the third and fourth stores areas are scheduled for early 1989; (b) the schedule to have Grocery Express on-service by the end of September continues to be very tight, due in large measure to the scarcity of resources of the client; (c) the EAASY Sabre CRS went live on July 15, the milestone date, and early enrollments have been very encouraging; the next phase (which will include more convenient fare quotes) is targeted for the end of September; and Phase II (which will include car and hotel bookings) is targeted for the end of the first quarter, 1989; (d) the "quick menu" functionality is ready to go on-service for purposes of Path and Review, but is causing some application problems in the Quick Guide; alternatives are being examined for using the functionality in Path and Review but not in the Guide; (e) the

Pershing brokerage application is in test, with a controlled user rehearsal planned for early August; current schedule calls for it being on-service by August 31, the milestone date; (f) in banking, agreements have been signed with two Detroit banks, National Bank of Detroit (NBD) and Comerica; NBD is expected to be the first bank using the Trustcorp software currently under planning and design, and Comerica is an MHT replication; and (g) other special applications due on-service within the next month are the Computer Express database, Dow Jones Company News, Consumer Reports ratings, and the first Bulletin Board.

## II. SYSTEM AND NETWORK AVAILABILITY

The Chairman then called upon Mr. Hewitt who, using visual aids copies of which are attached as Exhibit C, reported on system and network availability. He said that the overall PLS availability average for the second quarter was 97.8%, compared to 97.1% in the first quarter. The average for the first half of July was 97.6%, which was adversely impacted by a three hour outage of the host resulting from a second failure of the building air conditioning unit. He then outlined the action plans underway to reduce outages in the areas of MCI network performance, DSU sensitivity, and Series/1 software modifications. He said that the "California Triangle" is completed, giving the Company a back-up for the MCI backbone service from California. He then reviewed the status of PLSs under construction, as well as those sites for the 1989 rollout which are under lease negotiation or site selection.

## III. CLIENT REPORT

The Chairman then called upon Mr. Smith who, using visual aids copies of which are attached as Exhibit D, reported on the status of commercial client acquisition. He said that since the last meeting of the Committee, ten new client contracts have been signed, including a major package with K-Mart. He briefly reviewed each of the new contracts, which bring the total number of clients to 118 and the total number of packages and specialty applications to 128. He then reviewed the current list of likely client prospects.

Mr. Smith then reviewed the status of several commercial "destination" categories as follows: (a) Banking -- The Sovran and Citibank contracts are still in negotiation, but have a high likelihood of being signed within the next few weeks; the Bank of America agreement looks very doubtful at this time, but negotiations are continuing; with the addition of NBD, Comerica, and Trustcorp (and if Sovran and Citibank sign) the 1989 launch markets will be covered with at least one bank, except for the Texas and Philadelphia markets which still have no coverage; (b) Grocery -- the decisions on the first four Kroger option markets (Detroit, Denver, Houston and Dallas) are coming up in the next several weeks, and if Kroger elects to exercise them it may provide an additional incentive to other grocers to participate;

negotiations continue with the Haberman/D'Agostino group for the Connecticut, Boston and New York areas, but they are slow and not too promising; Nash Finch has signed for the Chicago area; and (c) Travel -- a contract has been signed with the Official Recreation Guide for a database application, and a new "Cruiscan" database from Rosenbluth is under development.

Mr. Smith then reviewed proposed shopping promotions for the balance of 1988, including an "end of summer" sale (in late August and early September) in which discounts on purchases would be provided by Prodigy, and a holiday shopping event in the November/December time-frame in which special sale merchandise would be provided by the commercial clients.

IV. EAASY SABER APPLICATION DEMONSTRATION

The Chairman then called upon Mr. Beall who presented a demonstration of the EAASY Sabre travel reservation application.

Following the demonstration, Messrs. Glatzer, Pugliese and Turchin joined the meeting.

V. ARTEC BUSINESS SERVICES APPLICATION DEMONSTRATION

The Chairman then called upon Mr. Turchin who, using visual aids copies of which are attached as Exhibit E, presented a demonstration of the Artec Distributing application being developed by the Business Services group. He pointed out that the application is being developed as a "closed user group" (CUG) which will allow only those persons authorized by Artec to have access to the service. The ability to deal with CUGs will also have application to the consumer service.

Following this demonstration and report, Mr. Turchin retired from the meeting.

VI. MEMBERSHIP MARKETING REPORT

The Chairman then called upon Mr. Glatzer who, using visual aids copies of which are attached hereto as Exhibit F, reported on Membership Marketing activities. He began the report by reviewing the membership orders and enrollments to date. He said that for the Charter Program, the original forecast was for a total of 9,630 orders, of which 5,200 would come from direct marketing channels and the balance from specialty and all other marketing categories. Based upon actual experience to date, the forecast for direct marketing has been reduced to 5,000 but the total forecast remains the same, with specialty marketing picking up the additional 200 orders. The goal for total orders by August 30, including both Founding and Charter Members, is 12,630.

He said that to date a total of 8,358 orders have been received (3,234 in the Founding Member program and 5,124 in the

Charter Member program), from which 3,546 Membership enrollments have been completed. He said that about 1,000 of the Founding Member orders have not yet enrolled. A follow-up telephone program was instituted to determine the reasons for the non-enrollments, which to date has resulted in personal contact with 777 people who have the Start-up Kit, but have not enrolled. Of these, about 200 had enrolled by the time of the call, and the remainder provided a number of reasons for not enrolling, ranging from equipment or technical reasons to merely being "too busy." About 380 indicated a continuing intention to enroll. He then described additional programs aimed at prompting enrollment or (for those who still do not enroll) attempting to determine the reasons for non-enrollment. Similarly, a program will be implemented in August aimed at determining the reasons for dormant members -- those who have enrolled, but are not using the service.

Mr. Glatzer then delivered a report and recommendation relating to the support of the Apple IIc and IIe machines ("Apple IIs"). He said that the current plan of record calls for qualifying the Apple IIs (using the surrogate) before qualifying the Apple IIGS color and Macintosh machines, both of which can be made capable of receiving the service in their native configuration, without the surrogate. It is not yet clear from the user testing on the Apple IIs whether they can be made to deliver an acceptable version of the service. This uncertainty, coupled with the certainty that once an Apple II user is accepted, there is no way of migrating him off the surrogate onto the native service, has led management to the recommendation that the technical resources currently being directed at the Apple IIs be redirected to the color version of the Apple IIGS and the Macintosh machines. Testing of market acceptability of the Apple IIs will continue and a final decision on whether to make the service available on Apple IIs, using the surrogate, will be made at that time.

Mr. Glatzer reminded the Committee that the revised year-end 1989 membership forecast is 27,000, following the decision not to support MS-DOS machines with under 512K of RAM. No estimate has been made of the impact, if any, of a decision not to serve the Apple IIs would have on this forecast, since the current recommendation is simply one of reordering priorities of resources between the Apple IIs and the Apple IIGS color and Macintosh machines. After discussion, the Committee concurred in this recommendation.

Mr. Glatzer then reviewed the status of discussions with various strategic marketing partners. He said that discussions are underway with Hayes for a 2400 bps personal modem, with a goal of having it available by the fourth quarter. Discussions are also proceeding among Prodigy, Citizens & Southern, and INACOMP regarding a relationship in which C&S would market and finance an IBM PS/2 Model 25 with the PRODIGY service software loaded on the hard disk, and a built in 2400 bps modem.

Following these reports, Messrs. Perce and Waks joined the meeting.

VII. TELCO STATUS REPORT

The Chairman then called upon Mr. Waks who reported on the status of discussions with BellSouth. He said that BellSouth has made it clear that they will not withdraw (or back away from) the Comparably Efficient Interconnection (CEI) plan filed with the FCC, which was discussed at the last meeting. However, they have also made it clear that, notwithstanding conflicting views on that subject, they want to continue discussions with Prodigy on the following subjects: (a) an arrangement in which BellSouth would own and operate data storage facilities for Prodigy (in lieu of Prodigy's construction of its own local sites) and would provide those facilities, bundled with local transmission services, at a cost acceptable to Prodigy; (b) the long term evolution of their network to provide lower cost digital service for information service providers; (c) the technical means by which the PRODIGY service could be delivered to members through BellSouth's gateway; and (d) cooperative efforts in the areas of commercial client and membership marketing, as well as Yellow Pages. He said that both companies have agreed to a joint task force to work on these issues.

Following this report, Mr. Waks retired from the meeting.

VIII. MEASUREMENTS

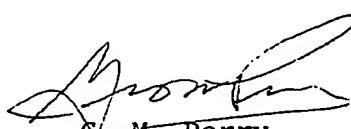
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Following this report, there was discussion regarding the agenda for the July 25 Partners' Committee meeting. Thereafter, there being no further business to come before the meeting, it was adjourned at 1:00 PM.

Respectfully Submitted,



C. F. Moran  
Chairman



G. M. Perry  
Secretary

AUG 11 1988

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Following this report, Mr. Waks retired from the meeting.

VIII. MEASUREMENTS

The Chairman then called upon Mr. Perce who, using visual aids copies of which are attached as Exhibit G, reported on the Company measurements through June. He said that as of the end of June: (a) employee headcount was 837 (compared to Revised Budget 903); (b) net expenses were \$57.6 million (compared to Revised Budget \$63.7 million); and (c) approved capital expenditures were \$13.2 million. Mr. Perce then briefly reviewed the current status of the milestones.

Following this report, there was discussion regarding the agenda for the July 25 Partners' Committee meeting. Thereafter, there being no further business to come before the meeting, it was adjourned at 1:00 PM.

Respectfully Submitted,

C. F. Moran  
Chairman

G. M. Perry  
Secretary

## Significant Dates

|            |   |
|------------|---|
| 7/15       | AA CRS Live                             |
| 7/15       | Sign On, Cash In Ends                   |
| 7/1        | Newsletter                              |
| 6/27       | CEO Live                                |
| 6/22       | 8 Hour Outage                           |
| 6/21       | 6.1 Mailed To Charter & Founding HH's   |
| 6/10       | Newsletter                              |
| 6/8        | Sign On, Cash In Postcard               |
| 5/9 – 5/23 | Phone Survey (227 Founding HH's)        |
| 5/22       | Commercial Mail (REI, Sears, JC Penney) |
| 5/13 – 16  | SOS "Rain Check" (180 Founding HH's)    |
| 5/16       | Newsletter                              |
| 5/1        | Sign On, Cash In Begins                 |
| 4/27 & 28  | Atlanta Focus Groups                    |
| 4/25 & 26  | San Francisco Focus Groups              |
| 4/22       | Sign On, Cash In Postcard               |
| 4/18 & 20  | Hartford & CCS Focus Groups             |
| 4/8 – 4/11 | Shower of Savings                       |
| 4/5        | Focus Group Letters                     |
| 4/1        | Shower of Savings Glossy                |
| 3/30       | 6.0 Mailed To Hartford & CCS            |
| 3/29       | 6.0 Mailed To Panel                     |

SBC 003299

Exhibit A

CLIENT STATUS ON SERVICE

LIVE SINCE PREVIOUS EXECUTIVE COMMITTEE MEETING (TOTAL 70.5)

ALLSTATE MOTOR CLUB

BALLY LIFE FITNESS

BANTAM

DTI

INFOCOM

PRODIGY BUSINESS SERVICES

RIGHT START (EXPANSION) (.5)

TRW

IN FINAL STAGES TOWARD LIVE

|   |                       |      |
|---|-----------------------|------|
| 0 | COMPUTER EXPRESS (.5) | 7/20 |
| 0 | ANDERSON WINDOWS      | 7/22 |
| 0 | P & G                 | 7/27 |
| 0 | FORD CREDIT           | 7/27 |
| 0 | DOUBLEDAY             | 7/29 |
| 0 | GREAT LIVING          | 7/29 |
| 0 | CARNATION             | 7/29 |

SBC 003300

A:0719802.017  
HH/D4

*Exhibit A*  
Prodigy Confidential

MAJOR CLIENT CHANGES

(IN PROCESS)

| <u>CLIENT</u>     | <u>SIZE</u> | <u>LIKELY LIVE</u> |
|-------------------|-------------|--------------------|
| SPINNAKER         | 6           | 7/19               |
| REI               | 65          | 8/10               |
| JC PENNEY         | 50          | 8/15               |
| CHANNELMARK       | 11          | 7/25               |
| SEARS CONSUMER    | 70          | 8/08               |
| SEARS DISCOVER    | 50          | 8/15               |
| SEARS MORTGAGE    | 30          | 7/18               |
| SEARS MERCHANDISE | 400         | 9/15               |
| MHT               | 50          | 7/22               |
| FUJI              | 10          | 7/19               |

SBC 003301

A:0719802.017  
HH/D4

Prodigy Confidential **Exhibit A**

NEW CLIENT PACKAGES

WORK IN PROCESS

| <u>CLIENT</u>     | <u>LIKELY LIVE</u> |
|-------------------|--------------------|
| GREAT WESTERN     | 9/27               |
| CORTELL PHASE I   | 9/30               |
| SCUDDER           | 9/30               |
| 20TH CENTURY      | 9/30               |
| GLOBUS PHASE I    | 10/01              |
| PETWORK           | 10/03              |
| BROADWAY          | 10/03              |
| NISSAN            | 10/01              |
| AMERICAN TRAVELER | 10/07              |
| SUN LIFE          | 10/07              |

TENTATIVE SCHEDULE

| <u>MDW DUE</u> | <u>LIKELY LIVE</u> |       |
|----------------|--------------------|-------|
| 7/12           | ACTIVISION         | 10/18 |
| 7/12           | DUPONT             | 10/18 |
| 7/12           | SONY VIDEO         | 10/18 |
| 7/12           | ALLSTATE           | 10/18 |
| 7/12           | LECHMERE           | 10/18 |
| 7/14           | WASHINGTON         | 10/20 |
| 7/25           | HOLIDAY CLIENT     | 10/31 |
| 7/25           | APPLE              | 10/31 |
| 7/27           | MUSICLAND          | 11/02 |
| 7/28           | NIKON              | 11/04 |
| 7/28           | PILLSBURY          | 11/04 |
| 8/02           | TRAVELERS          | 11/08 |

SBC 003302

A:0719802.017  
HH/D4

Prodigy Confidential

RECORDED

NON-COMMERCIAL CHANGES TO THE SERVICE JUNE 27 - JULY 20

SPECIAL SECTIONS

|                                  |            |
|----------------------------------|------------|
| ELECTIONS: DEMOCRATIC CONVENTION | 7/8 - 7/22 |
| GERMOND, NOVAK ANSWER MESSAGES   |            |
| FROM CONVENTION WITHIN 1/2 HOUR  |            |
| THE GREENHOUSE FUTURE            | 7/13       |

DEPTH

|                           |             |
|---------------------------|-------------|
| CONSUMER REPORTS: 9 ADDED | 6/28 - 7/20 |
|---------------------------|-------------|

ENTERTAINMENT / EDUCATION

|                           |      |
|---------------------------|------|
| C.E.O. (WITH QUICK MENUS) | 6/29 |
| IGGY FOR PRESIDENT        | 7/19 |

USAGE BUILDING EVENTS

|  |      |
|--|------|
| END OF SIGN ON, CASH IN <sup>SM</sup> GAME | 7/15 |
|--|------|

SBC 003303

EXECPR7

TRINTEX CONFIDENTIAL

7/19/88

Exhibits 20

SIGN ON, CASH IN<sup>SM</sup> GAME

WHAT IT WAS

- GAME TO STIMULATE USAGE
- ELIGIBLE: FOUNDING MEMBERS  
HARTFORD, PANEL, PARTNER AND C.C.S. TESTERS

STATUS

- DAILY GAME ENDED JULY 15
- PHASE I RESULTS MAY 1 - JUNE 15:  
36 WINNERS (26% OF IDS LISTED)  
30 FOUNDING MEMBERS  
6 TESTER MEMBERS  
ACTIVE MEMBERS LOOKING AT THE GAME ONE OR MORE TIMES / WEEK:  
OVER 75% OF FOUNDING MEMBERS  
OVER 80% OF TESTER MEMBERS
- PHASE II: JUNE 16 - JULY 15  
30 WINNERS (33% OF IDS LISTED)  
29 FOUNDING/CHARTER MEMBERS  
1 TESTER MEMBER  
10 OF 30 REQUESTED EGA CARD INSTEAD OF \$100  
COMPARABLE LEVEL OF USAGE BY ACTIVE MEMBERS

NEXT EVENT

- GRAND PRIZE DRAWING AMONG ALL WINNERS ON AUGUST 1  
4-DAY CRUISE FOR 2 ON NORWEGIAN CRUISE LINE  
PLUS \$1,000 TRAVEL ALLOWANCE
- GRAND PRIZE WINNER PROMOTED ON SERVICE IN MID-AUGUST

SBC 003304

EXECPR5

TRINTEX CONFIDENTIAL

5/17/88

Exhibit A

HARTFORD, PANEL  
CCS, FOUND...CHARLOT.  
(WE 7/09)

## USAGE

|                       |      |      |      |
|-----------------------|------|------|------|
| MINUTES/ALL HH/DAY    | 13.9 | 9.0  | 7.9  |
| LEADER ADS/ALL HH/DAY | 14.4 | 9.5  | 8.2  |
| SESSIONS/ALL HH/WEEK  | 9.0  | 3.1  | 3.0  |
| MINUTES/SESSION       | 10.7 | 20.5 | 18.6 |
| MEMBERS PER HH        | 2.3  | 1.5  | 1.5  |

## TRANSACTIONS

| TRANSACTIONS               | 23       | JAN - JUNE '88 |
|----------------------------|----------|----------------|
| LEADER AD FOLLOW THROUGH   | 10.0%    | 2.9%           |
| ORDERS/ALL HH (ANNUALIZED) | 2.0      | 1.37           |
| AVG. ORDER SIZE            | \$50.00  | \$30.13        |
| SALES/ALL HH (ANNUALIZED)  | \$100.00 | \$41.28        |
| INQUIRIES/ALL HH           | 16       | 25             |

APR-JUN:

\* APR-JUN:  
INCLUDES ALL MEMBERSHIPS; PERCENTAGE FOLLOW THROUGH IS UNDERSTATED  
SINCE RECEPTION SYSTEM 6.0 IS REQUIRED TO ACCURATELY COLLECT DATA.

•PRODIGY CONFIDENTIAL

SBC 003305

## Exhibit X

ENROLLMENT BY USER TYPE AS OF 7/09/88

|                                    | HOUSEHOLDS | MEMBERS                                     | MEMBERS/<br>HOUSEHOLDS |
|------------------------------------|------------|---|------------------------|
| HARTFORD PARTNER TESTERS           | 54         | 109   | 2.0                    |
| PANEL TESTERS (ATL., S.F.)         | 107        | 166   | 1.6                    |
| CT. COMPUTER SOCIETY (CCS)         | 49         | 96  | 2.0                    |
| FOUNDING MEMBERS (ATL., S.F., HTF) | 3,062      | 4,636<br><i>137,600 w/n<br/>2 at 7 days</i> | 1.5                    |
| TOTAL                              | 3,272      | 5,007                                       | 1.5                    |

AS OF 7/18/88

| APPLICATION | MEMBERS |
|-------------|---------|
| MHT         | 55      |
| PIE         | 110     |
| KROGER      | 50      |
| AA CRS      | 186     |

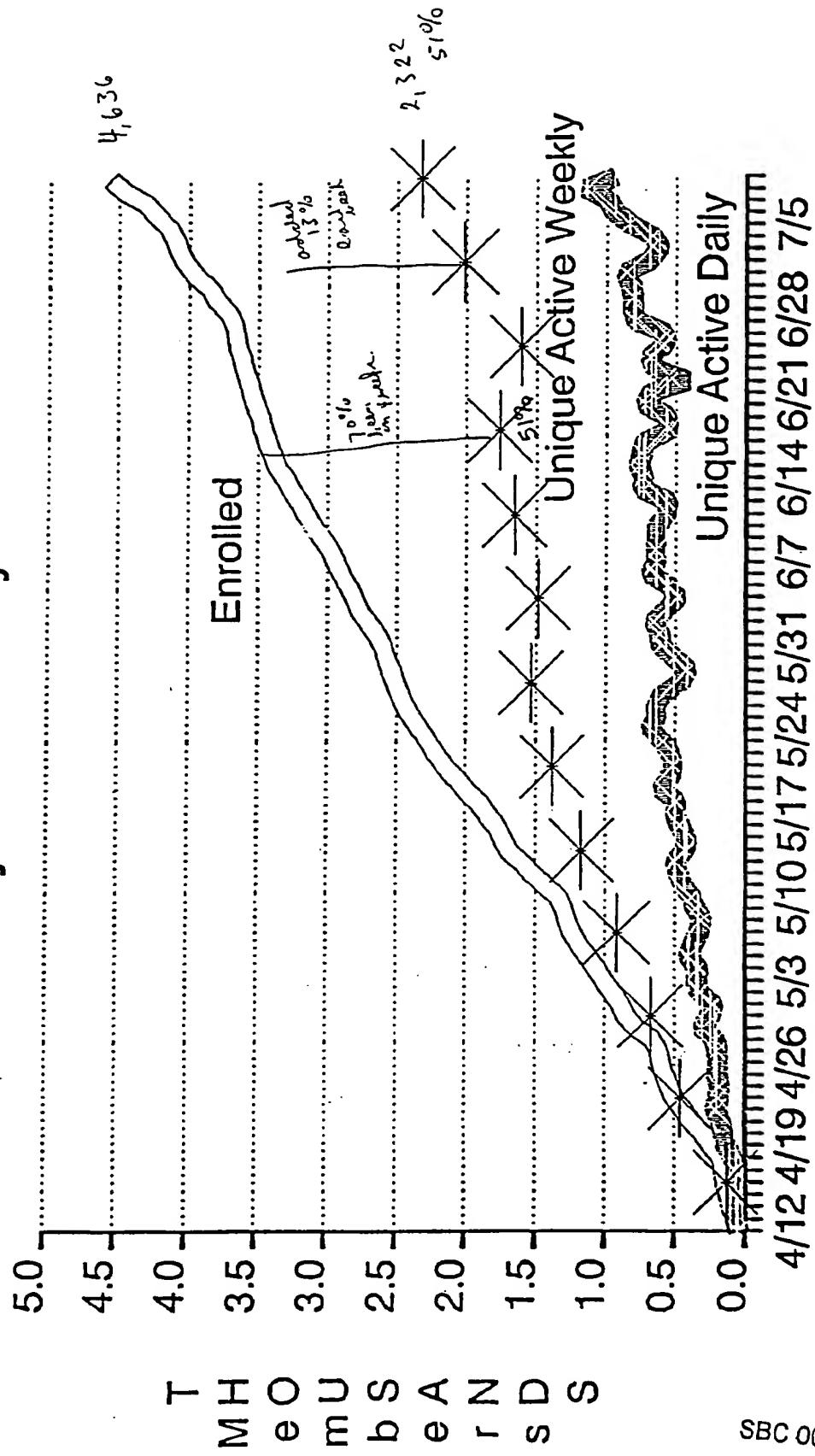
PRODIGY CONFIDENTIAL

SBC 003306

**Exhibit A**

# Founding/Charter Members

## Daily vs. Weekly

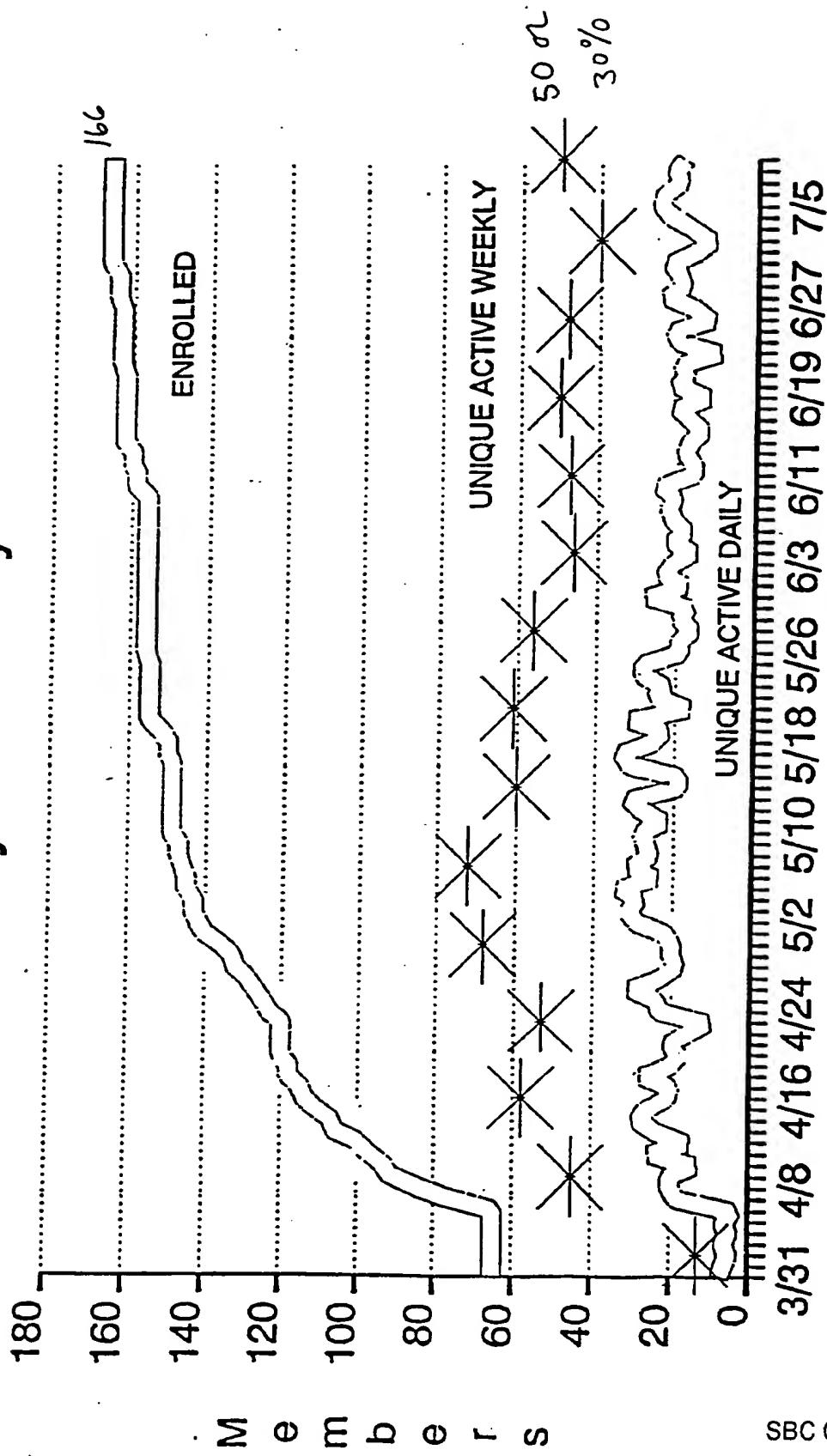


SBC 003307

Exhibit A

# Panel Members

## Daily vs. Weekly

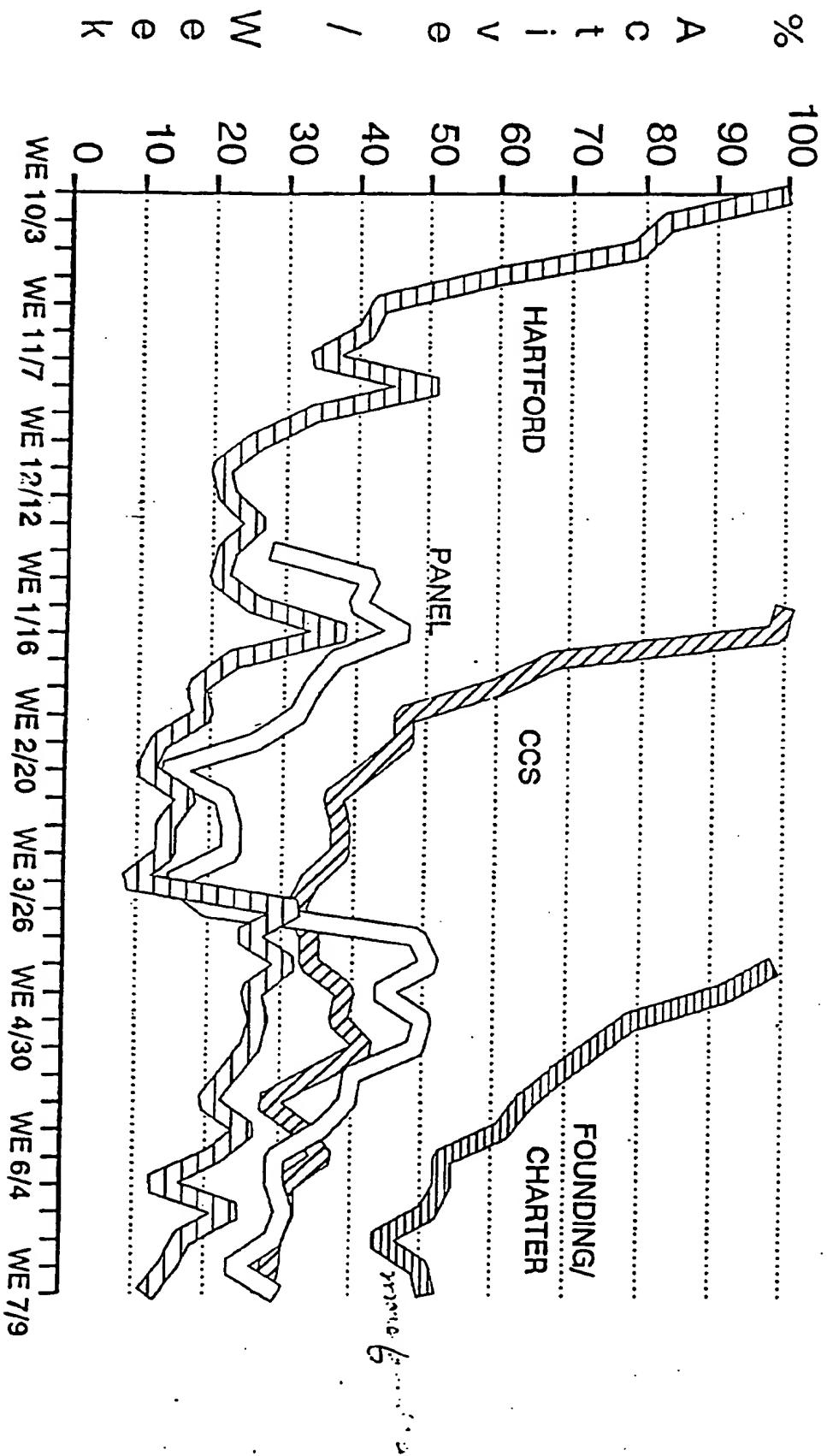


**Exhibit A**

# Active Members

SBC 003309

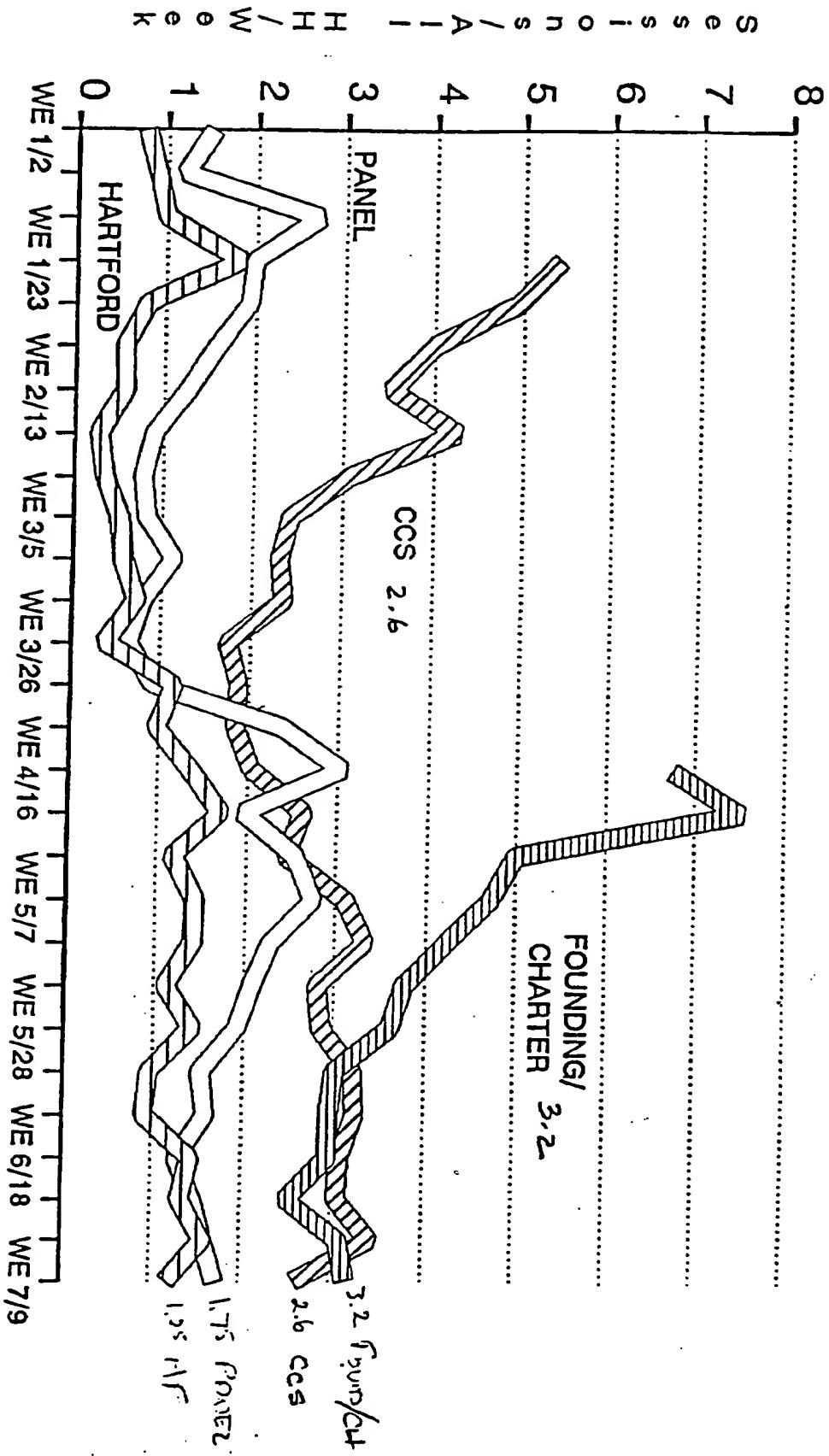
Exhibit A



## Frequency of Sessions in Week

SBC 003310

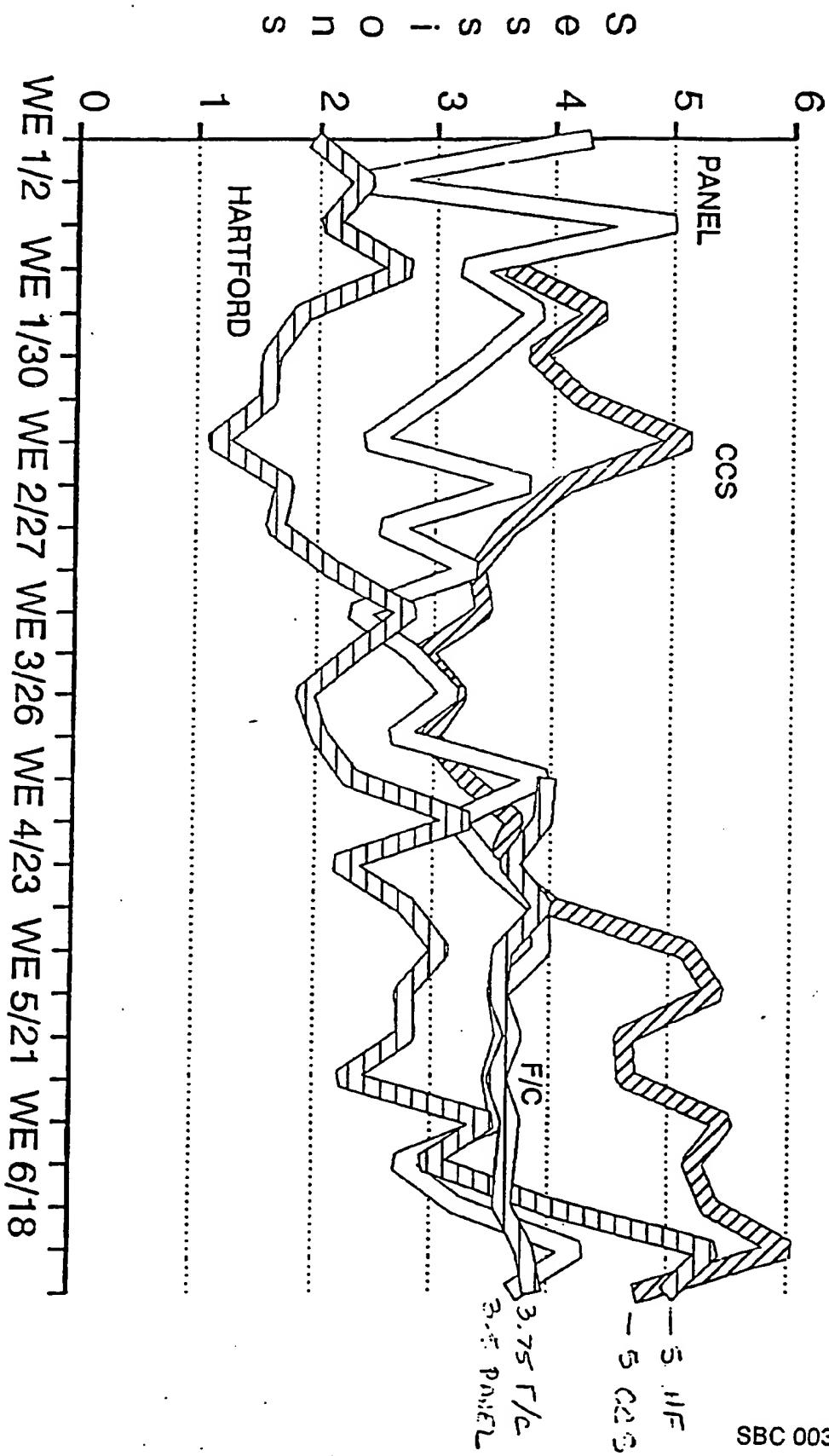
Digitized by srujanika@gmail.com



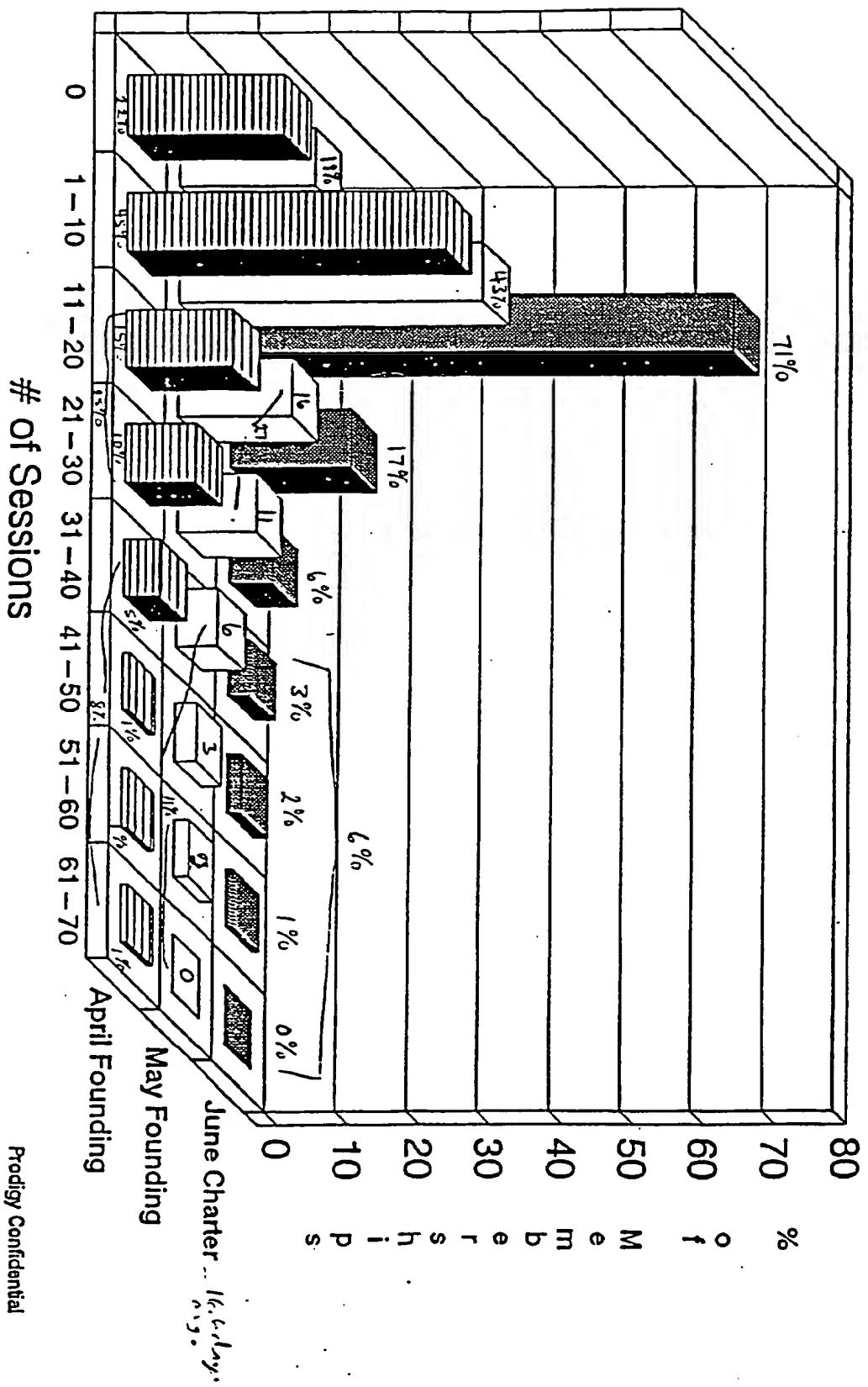
# Avg. Sessions Per Active Member Weekly

Exhibit A

SBC 003311



# Frequency of Access By Membership (June 1988)



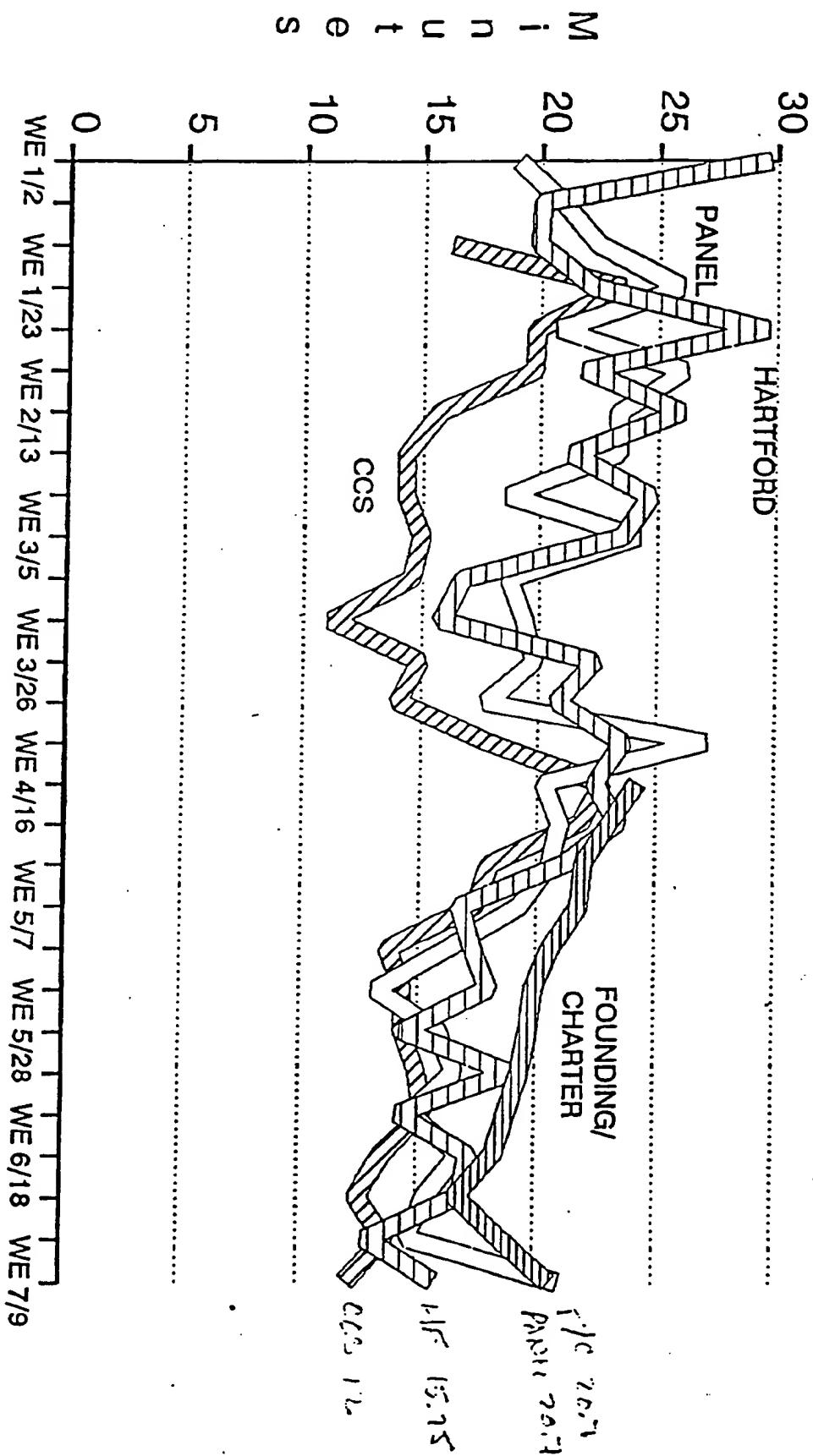
SBC 003312

Exhibit A

# Avg. Session Length

SBC 003313

Exhibit A



| Member | Month  |        |        | Daily Usage/HH<br>(Minutes) |
|--------|--------|--------|--------|-----------------------------|
|        | APR 88 | MAY 88 | JUN 88 |                             |
| APR    | 33.2   | 7.6    | 5.3    |                             |
| MAY    |        | 14.5   | 7.0    |                             |
| JUN    |        |        | 11.8   |                             |

|     | APR  | MAY  | JUN  | Session Length<br>(Minutes) |
|-----|------|------|------|-----------------------------|
| APR | 23.0 | 18.0 | 15.8 |                             |
| MAY |      | 21.5 | 17.1 |                             |
| JUN |      |      | 21.5 |                             |

|     | APR  | MAY | JUN | Daily # of<br>Sessions/HH |
|-----|------|-----|-----|---------------------------|
| APR | 1.45 | .42 | .34 |                           |
| MAY |      | .68 | .40 |                           |
| JUN |      |     | .55 |                           |

SBC 003314

Exhibit A

**FOUNDING/ CHARTER MEMBERS**  
**UNIQUE MEMBERS REACHED BY CATEGORY**

|                               | 7/03-7/09                    |                           | 6/05-6/11                    |                           |
|-------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|
|                               | UNIQUE<br>MEMBERS<br>REACHED | % OF<br>ACTIVE<br>MEMBERS | UNIQUE<br>MEMBERS<br>REACHED | % OF<br>ACTIVE<br>MEMBERS |
| WEATHER                       | 1,708                        | 74%                       | 1,373                        | 83%                       |
| NEWS                          | 1,650                        | 71%                       | 1,235                        | 74%                       |
| SHOPPING (46)                 | 1,598                        | 69%                       | 1,094                        | 66%                       |
| EXPERTS                       | 1,575                        | 68%                       | 1,155                        | 70%                       |
| MESSAGING                     | 1,325                        | 57%                       | 968                          | 58%                       |
| HOUSE OF FUN                  | 1,297                        | 56%                       | 908                          | 55%                       |
| FEATURES                      | 1,163                        | 50%                       | 1,043                        | 63%                       |
| BUSINESS                      | 1,130                        | 49%                       | 932                          | 56%                       |
| PERSONAL INVESTING            | 1,136                        | 49%                       | 869                          | 52%                       |
| SPORTS                        | 863                          | 37%                       | 811                          | 49%                       |
|                               |                              |                           |                              |                           |
| TRAVEL (6)                    | 648                          | 28%                       | 225                          | 14%                       |
| BANKING/FINANCIAL (18)        | 578                          | 25%                       | 431                          | 26%                       |
| ADVERTISING (11)              | 445                          | 19%                       | 493                          | 30%                       |
| GROCERY                       | 53                           | 2%                        | ---                          | ---                       |
|                               |                              |                           |                              |                           |
| <b>TOTAL ACTIVE MEMBERS</b>   | <b>2,322</b>                 | <b>100%</b>               | <b>1,659</b>                 | <b>100%</b>               |
| <b>TOTAL ENROLLED MEMBERS</b> | <b>4,559</b>                 | <b>NA</b>                 | <b>3,145</b>                 | <b>NA</b>                 |

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SBC 003315

**Exhibit A**

# Sessions/ Membership

## Founding/ Charter Memberships

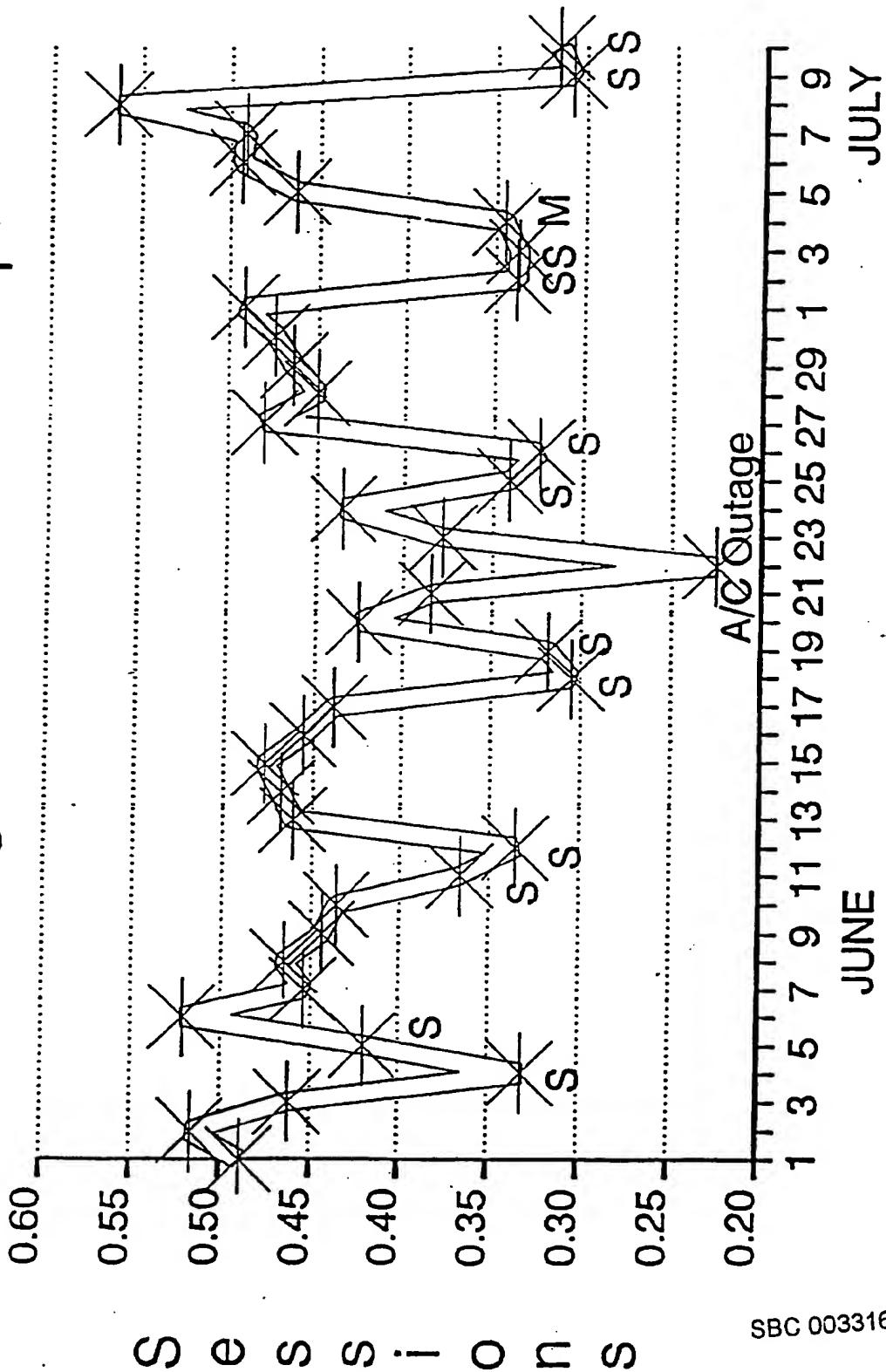


Exhibit A

# Pacific Time Zone ADI Founding/ Charter Members

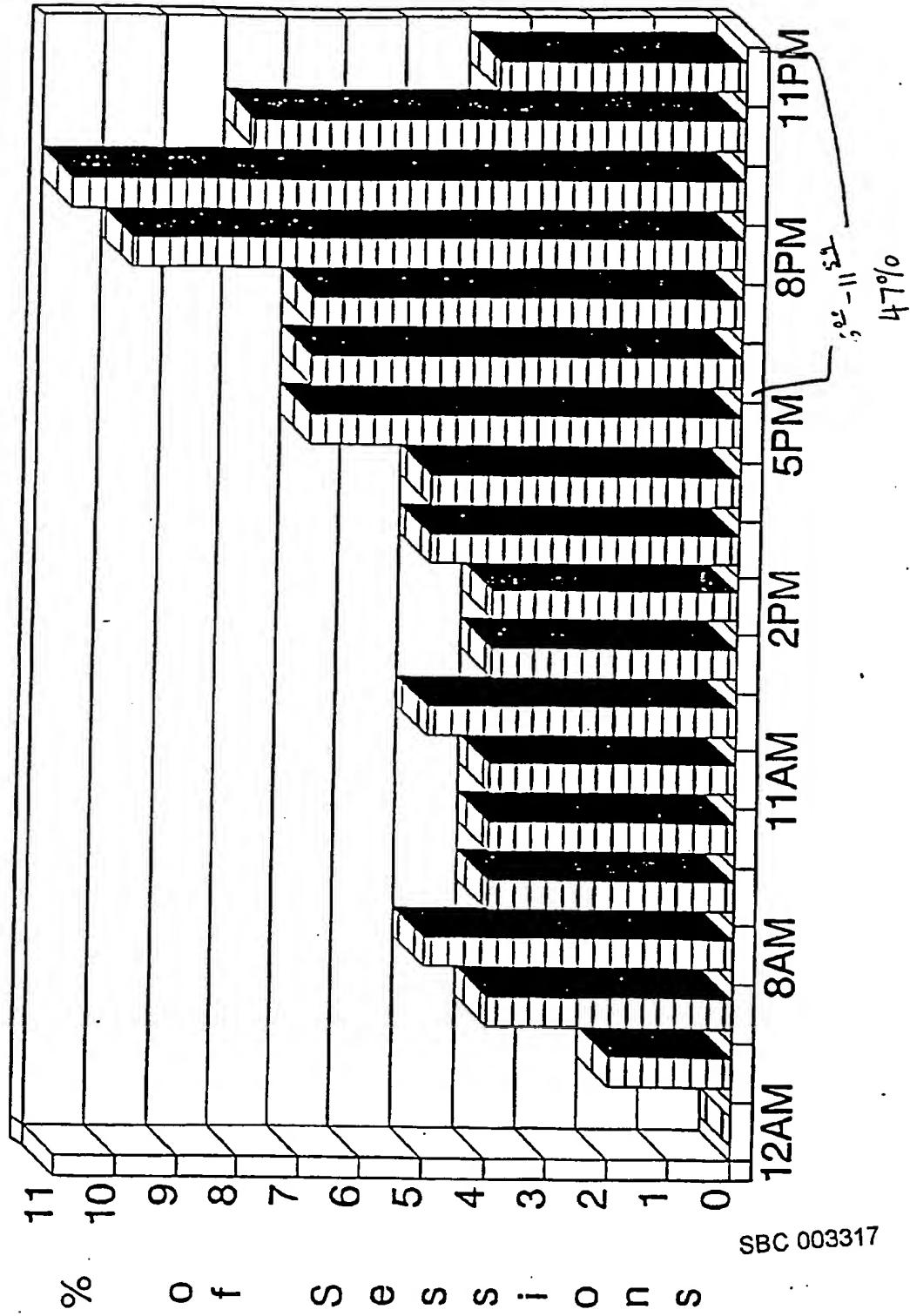
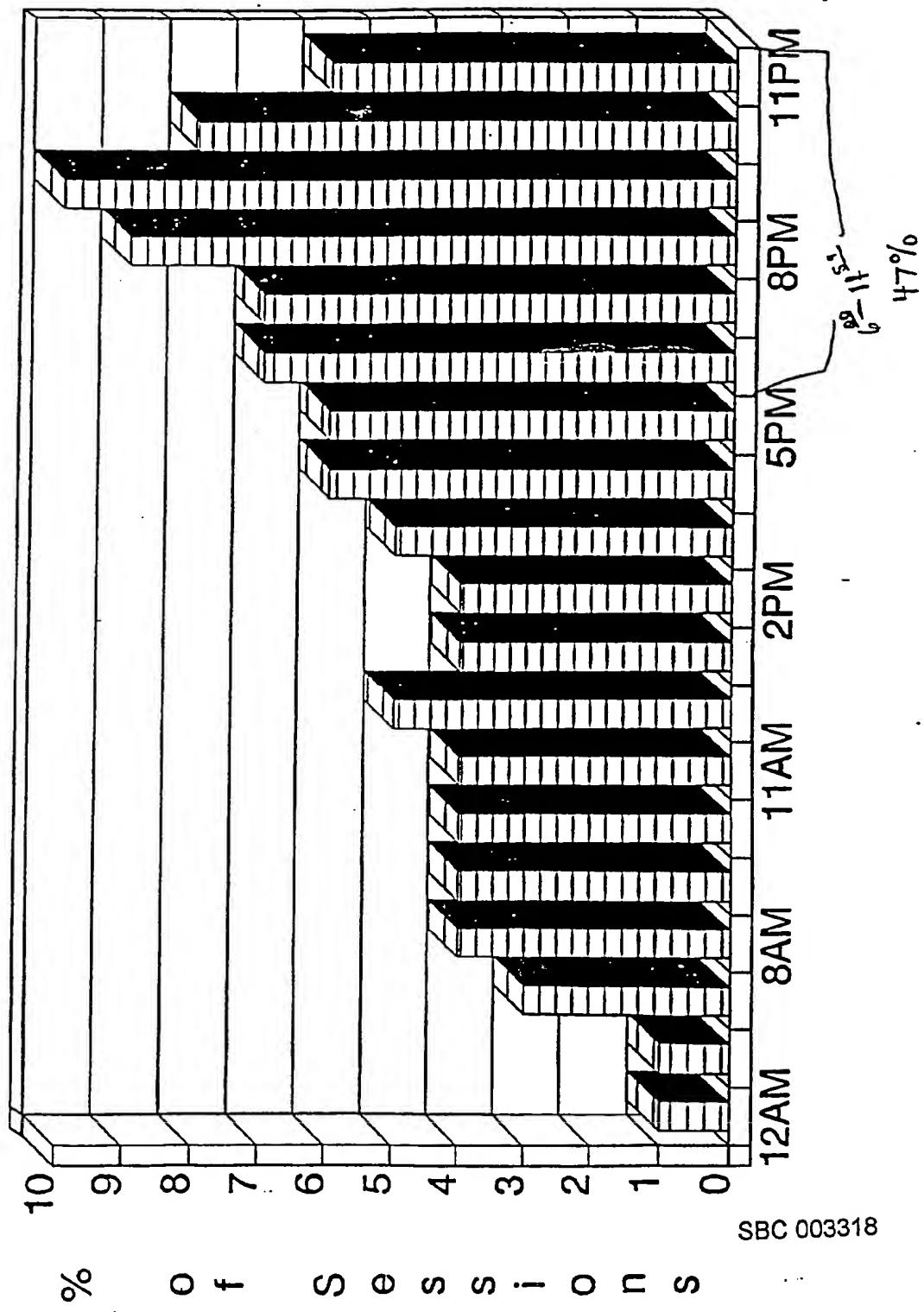


Exhibit A

# Eastern Time Zone ADI's Founding/ Charter Members

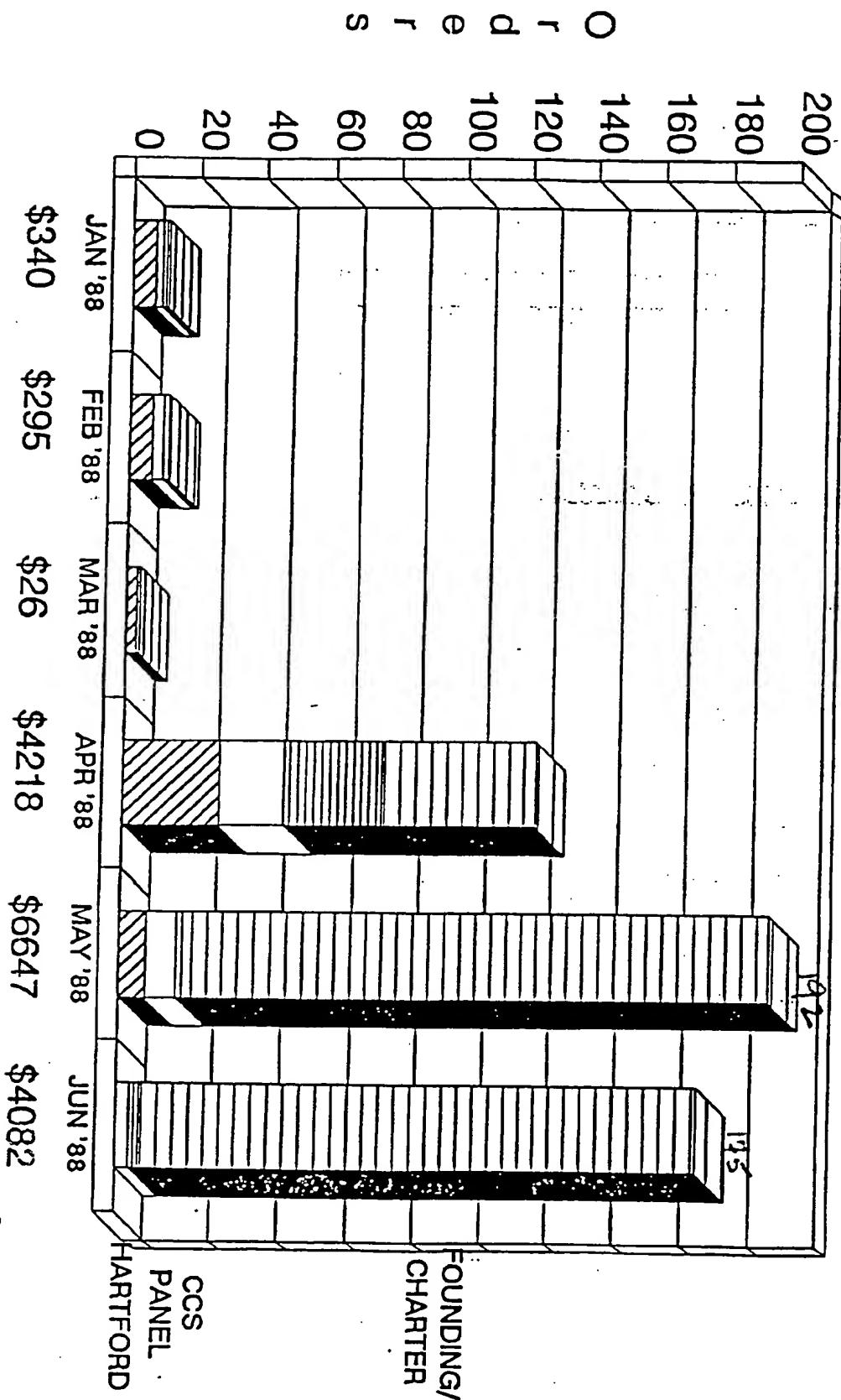


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Exhibit A

# Shopping Orders

## Hartford, Panel, CCS, Founding



SBC 003319

Exhibit A

## JUNE SHOPPING ACTIVITY

| CLIENT               | SALES          |
|----------------------|----------------|
| SEARS                | \$2,184.35     |
| JC PENNEY            | \$1,654.09     |
| REI                  | \$712.70       |
| WOODEN SPOON         | \$487.35       |
| DARTEK               | \$423.40       |
| DISNEY               | \$280.40       |
| FUJI                 | \$276.79       |
| NEIMAN MARCUS        | \$189.50       |
| KNOWLEDGE COLLECTION | \$115.90       |
| FLORSHEIM            | \$110.00       |
| COMPUTER EXPRESS     | \$101.96       |
| RIGHT START          | \$96.95        |
| CHANEL               | \$75.00        |
| PENNACO              | \$75.00        |
| SPINNAKER SOFTWARE   | \$59.90        |
| CURRENT              | \$59.80        |
| FORD MOTOR COMPANY   | \$59.00        |
| IBM                  | \$47.25        |
| SPIEGEL              | \$33.00        |
| RELIABLE             | \$6.29         |
| <br>TOTAL            | <br>\$7,048.63 |

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*Mr. Linn*  
 - Entertainment  
 - Landscaping  
 - Finance  
 - Publishing  
 - Marketing  
 - Billing  
 - Purchasing

SBC 003320

Exhibit A

CATALOG ORDERING STATUS

| <u>MERCHANDISE</u> | <u>EOB ON</u>  | <u>PLANNED</u> | <u>NO</u>        |
|--------------------|----------------|----------------|------------------|
| <u>CLIENT</u>      | <u>SERVICE</u> |                | <u>CATALOG</u>   |
|                    |                |                | <u>AVAILABLE</u> |
| AMERICAN TRAVELER  |                | WHEN LIVE      |                  |
| BANTAM             | X              |                |                  |
| BROADWAY           |                |                | X                |
| COMPUTER EXPRESS   | X              |                |                  |
| CURRENT            |                | REFRESH        |                  |
| DARTEK             | X              |                |                  |
| DATASET            |                |                | *                |
| DOUBLEDAY          |                |                | X                |
| DISNEY             | X              |                |                  |
| FIELD              |                |                | X                |
| FLORSHEIM          |                |                | X                |
| GREAT LIVING       |                | WHEN LIVE      |                  |
| JC PENNEY          | X              |                |                  |
| IBM                |                |                | X                |
| LECHMERE           |                |                | X                |
| LIFE FITNESS       |                |                | X                |
| MUSICLAND          |                |                | X                |
| NEIMAN MARCUS      | X              |                |                  |
| NESTLE             | X              |                |                  |
| PETWORKS           | X              |                |                  |
| REI                |                | 8/10           |                  |
| RELIABLE           |                | REFRESH        |                  |
| RIGHT START        | X              |                |                  |
| SEARS              | X              |                |                  |
| SPIEGEL            |                | REFRESH        |                  |
| VIDEO SCHOOLHOUSE  |                | 10/15          |                  |
| WOODEN SPOON       | X              |                |                  |

\* = CLIENT NOT INTERESTED

SBC 003321

A:0719801.017  
HH/D4

PRODIGY CONFIDENTIAL

Exhibit A

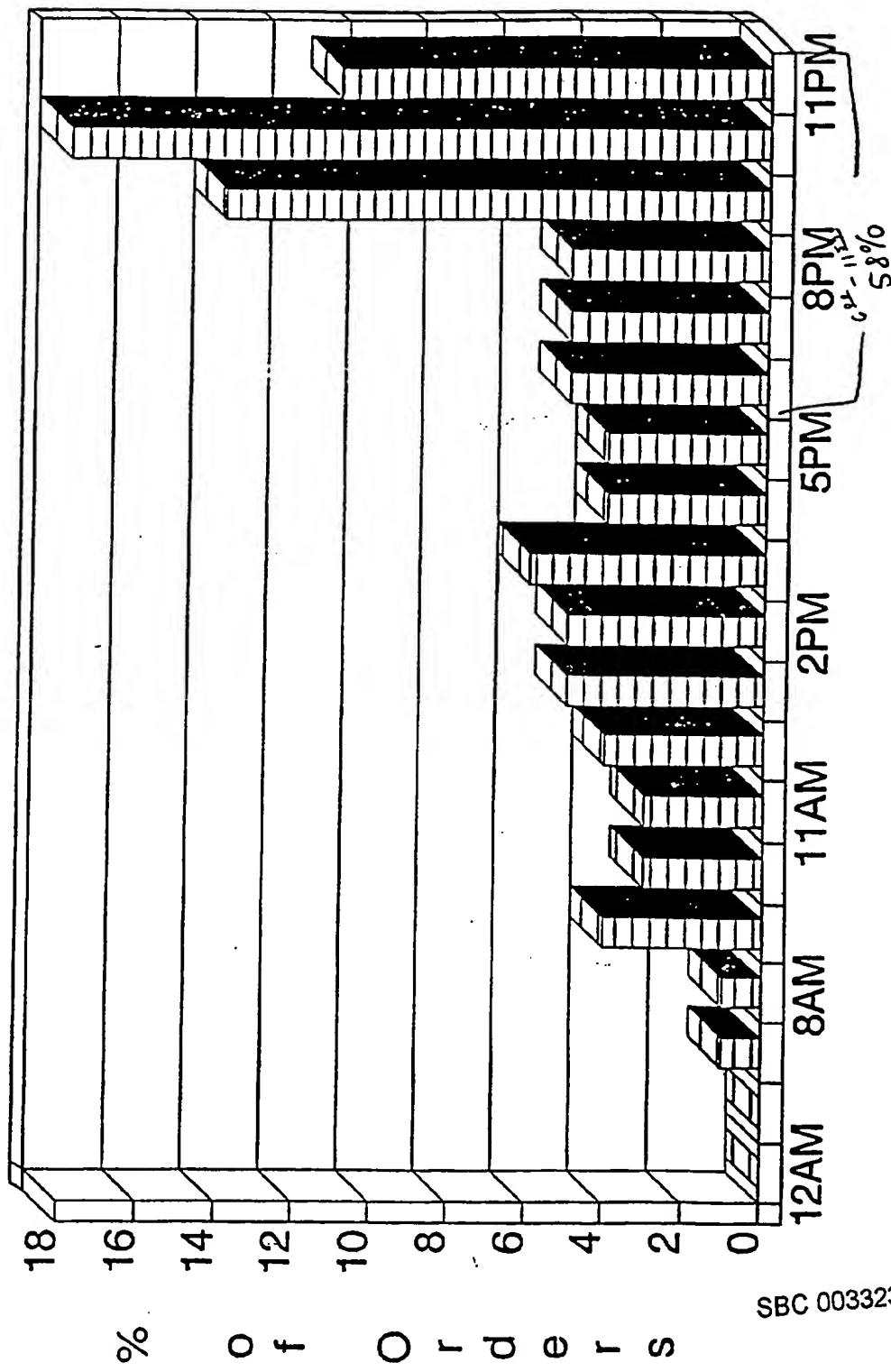
# Shopping Orders/HH (Annualized)

## Hartford, Panel, CCS, Founding, Charter



Exhibit A

# Eastern Time Zone ADI's Founding/ Charter Members

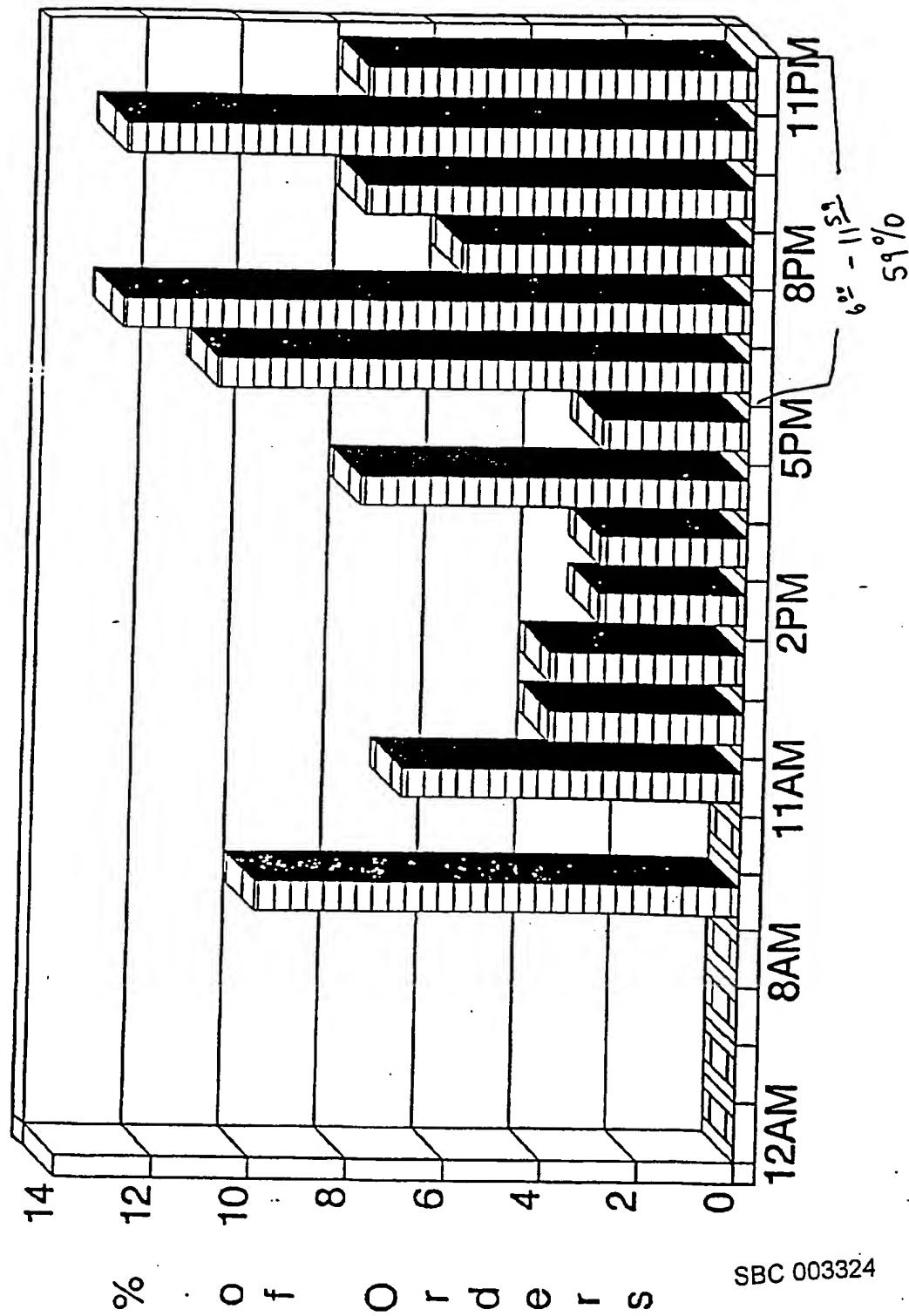


SBC 003323

**Exhibit A**

\*true to number of orders as Pacific

# Pacific Time Zone ADI Founding/ Charter Members



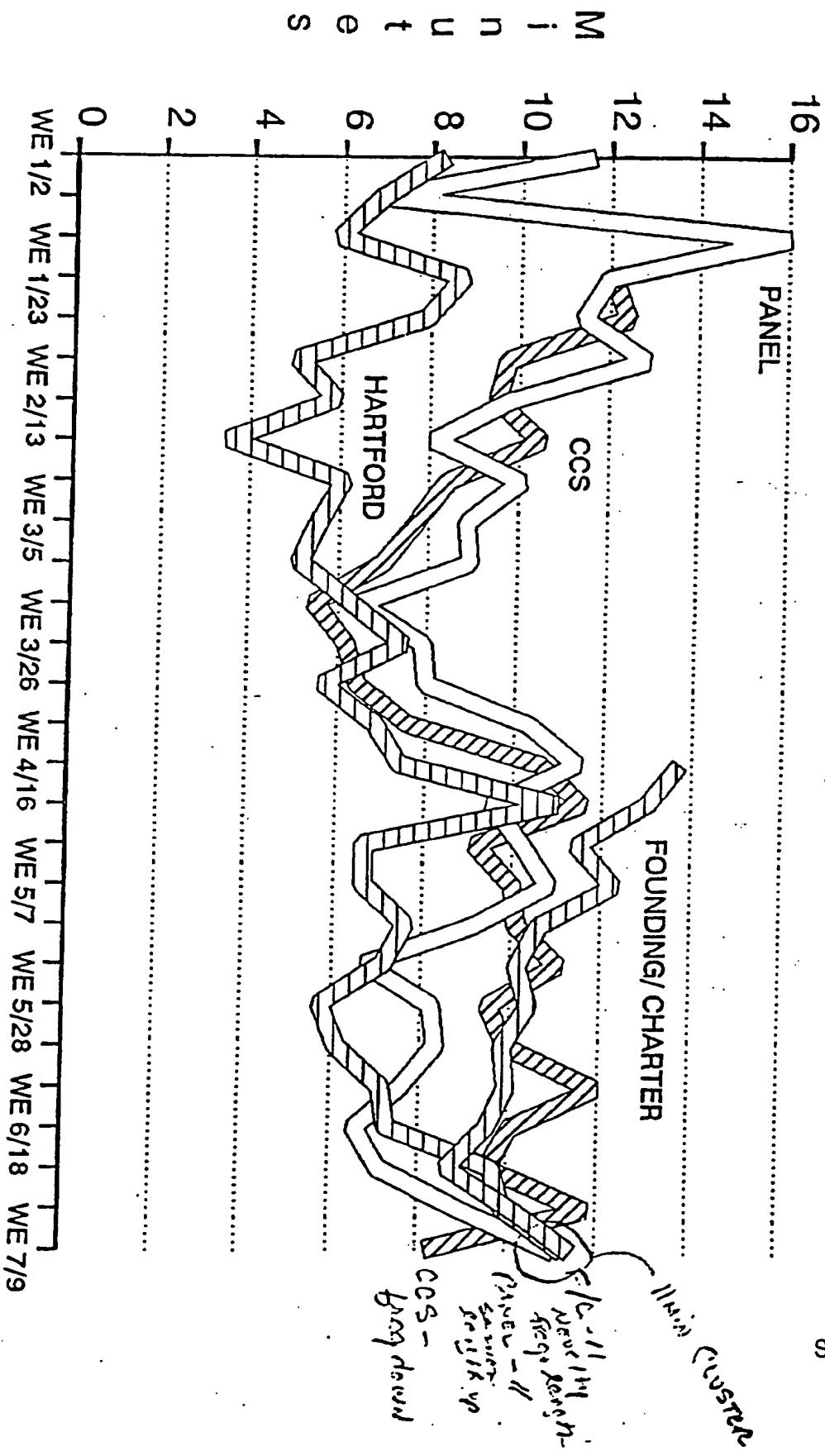
SBC 003324

Exhibit A

# Avg. Daily Usage Per Active Member

SBC 003325

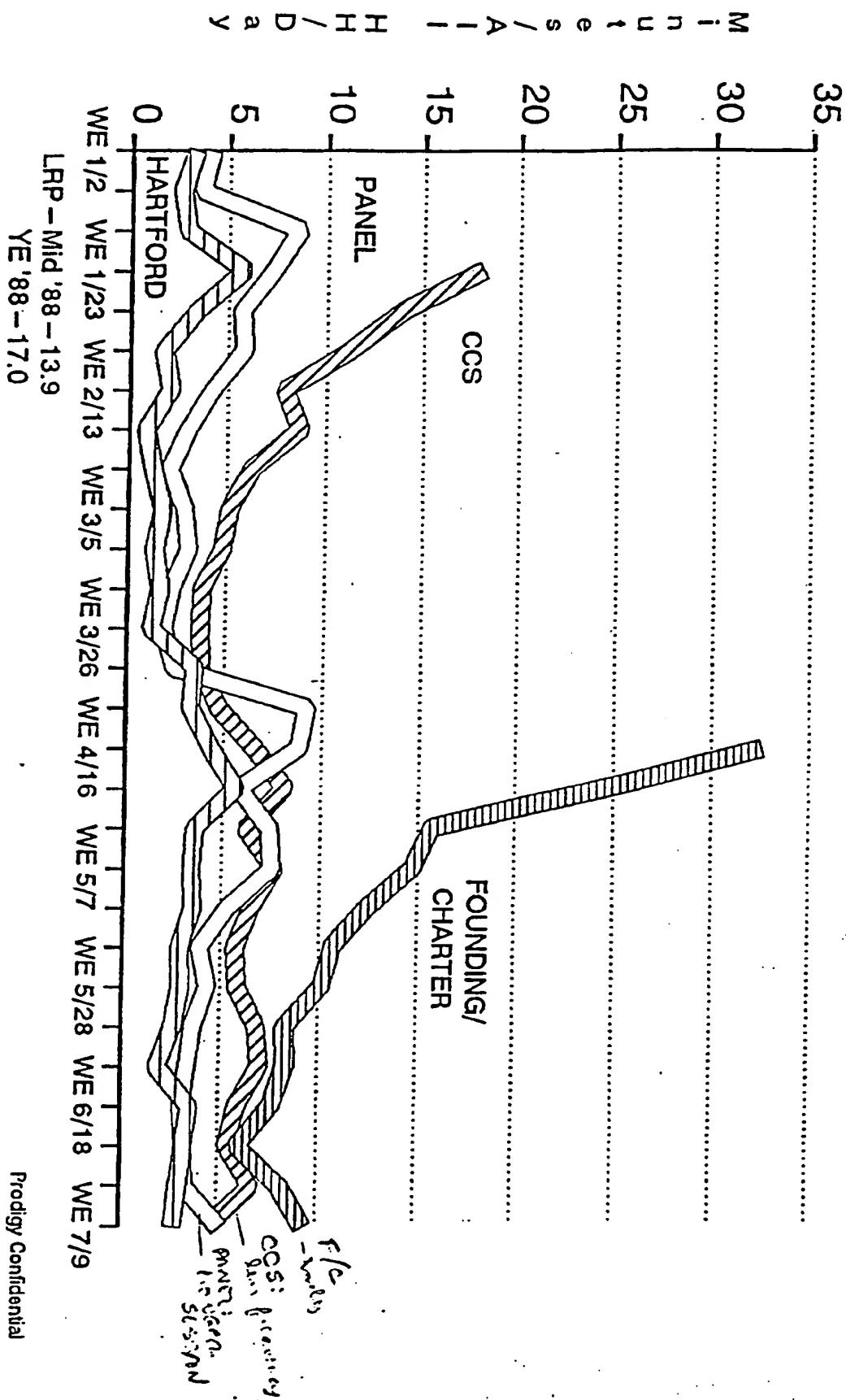
Exhibit A



# Daily Usage /All HH's

SBC 003326

Exhibit A

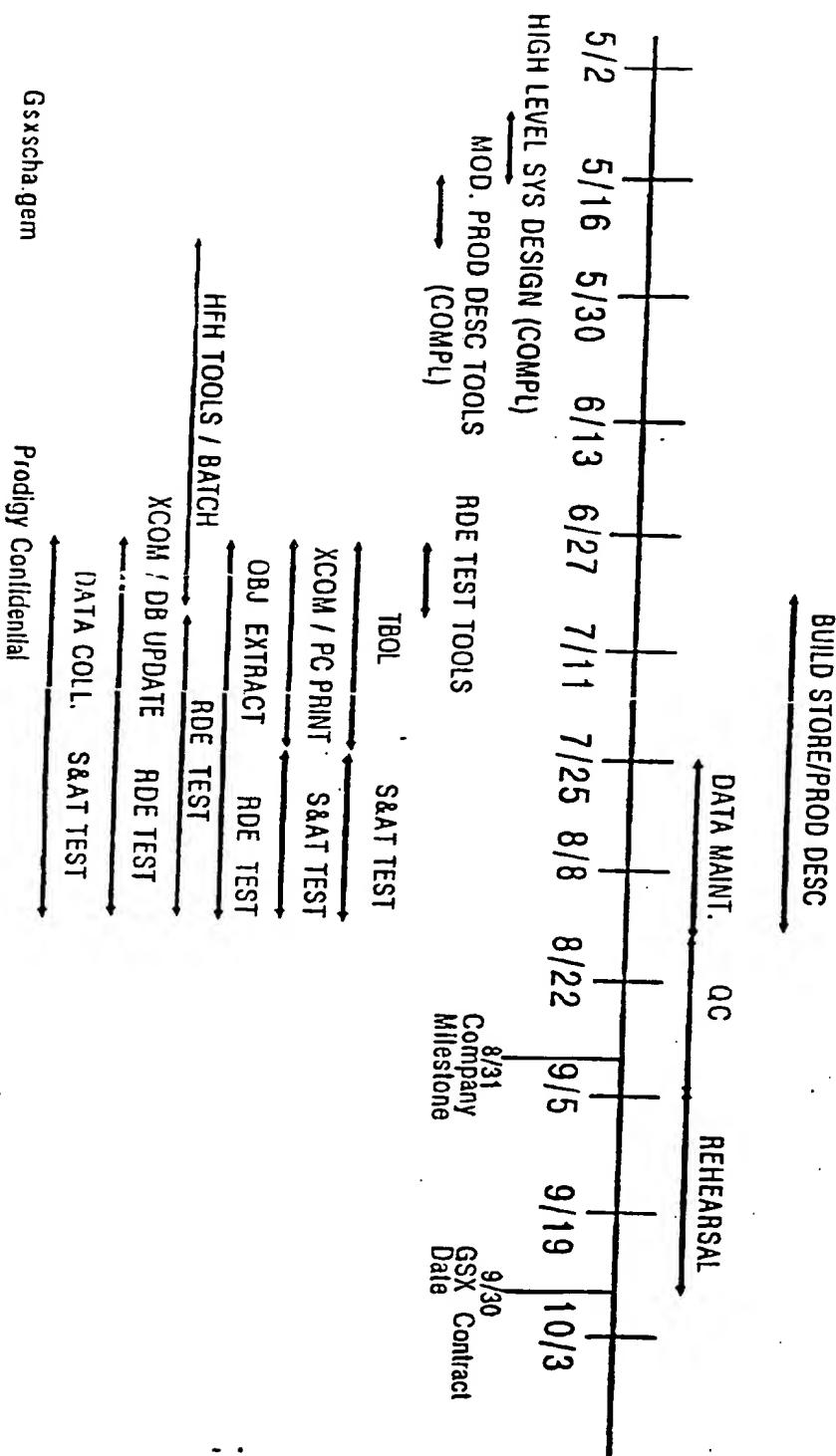


## KROGER

- First production order was processed on June 30
- Regular commercial delivery began on schedule – July 5
- Expanded from 10 to 45 users on 7/18
- 2nd Store – 10/88
- 3rd/4th Stores – 1/89

SBC 003327

## GROCERY EXPRESS DEVELOPMENT/IMPLEMENTATION SCHEDULE



SBC 003328

Exhibit B

## AMERICAN AIRLINES – PHASE I

- On-service – 7/15/88
- More than 600 EAASY SABRE enrollments

## AMERICAN AIRLINES – PHASE I.1

- Target for 9/30/88
- Price Quotes (exposed on AA side)
  - Non-display Credit Cards
  - Non-smoking flights

## AMERICAN AIRLINES – PHASE II

- Target 3/89
- Cars
- Hotels
- AADVANTAGE Inquiry
- Multiple Passengers
- Booking Restrictions

SBC 003329

**Exhibit B**

## QUICK MENU PHASE 1

Review and Path are ready to go on service

Quick Guide is causing application problems

Evaluating alternatives – package Review and Path  
without Quick Guide

SBC 003330

JAR 6/17/88

Exhibit B

## PERSHING – PHASE1

- S&AT testing in progress – exit date 7/29
- Controlled user test/rehearsal
  - begins 8/4/88 with real trading
- On-service 8/31 – Company milestone

SBC 003331

## BANKING APPLICATIONS

C&S                    MHT Replication – target 9/30

TRUSTCORP            2Q89 Target  
                          Joint planning/design – 7/30

NBD                    Signed contract  
                          Planned as first Trustcorp bank  
                          Complicates Trustcorp project

COMERICA            MHT Replication

## CONTRACTS PENDING

- CITIBANK
- SOVRAN
- BANK OF AMERICA

SBC 003332

## ADDITIONAL APPLICATIONS

### ON SERVICE

ELECTRONIC DATA DISTRIBUTION SYSTEM 7/8

CONSUMER REPORTS RATINGS 7/14  
(PRODUCTION CAPABILITY)

COMPUTER EXPRESS 7/21

DOW JONES NEWS 7/29

BULLETIN BOARDS 8/5

SBC 003333

Exhibit B

PLS AVAILABILITY

|                           | <u>4Q87</u> | <u>1Q88</u> | <u>2Q88</u> | <u>JULY 1-17</u> |
|---------------------------|-------------|-------------|-------------|------------------|
| BLOOMFIELD                | 93.4%       | 97.2%       | 97.6%       | 96.9%            |
| SOUTHBURG                 | 97.0%       | 96.7%       | 98.3%       | 96.9%            |
| WHITE PLAINS              | 97.0%       | 97.3%       | 97.9%       | 97.3%            |
| NORWALK                   |             |             | 98.0%       | 96.3%            |
| ATLANTA                   |             |             | 96.0%       | 97.3%            |
| BERKELEY                  |             |             | 97.5%       | 98.6%            |
| PLEASANTON                |             |             | 98.7%       | 98.7%            |
| PALO ALTO                 |             |             | 97.6%       | 97.9%            |
| SAN FRANCISCO (SPEAR ST.) |             |             | 98.4%       | 98.6%            |
| AVERAGE                   | 95.8%       | 97.1%       | 97.8%       | 97.6%            |

SBC 003334

a:05028801.025

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*Exhibit C*

PLS OUTAGE SUMMARY (6/16 - 7/17)

|              | <u>TOTAL</u> | <u>#</u> | <u>DUR</u> | <u>S/1 SOFTWARE</u> | <u>BACKBONE</u> | <u>NETWORK</u> | <u>TPF</u>  | <u>S/1</u>  |
|--------------|--------------|----------|------------|---------------------|-----------------|----------------|-------------|-------------|
|              |              |          |            | <u>DE</u>           | <u>FE</u>       | <u>SOFT</u>    | <u>SOFT</u> | <u>HARD</u> |
| BL00MFIELD   | 1            |          | 5:12       |                     |                 | 1              | 1           |             |
| SOUTHINGTON  |              | 1        | 2:32       |                     |                 |                |             |             |
| WHITE PLAINS |              | 3        | 2:27       |                     | 3               |                |             |             |
| NORWALK      |              | 1        | 5:09       |                     |                 | 1              |             | 1           |
| ATLANTA      |              | 2        | 3:01       |                     | 1               | 3              |             |             |
| BERKELEY     |              | 6        | 1:26       |                     | 1               | 6              |             |             |
| PALO ALTO    |              | 2        | 2:18       |                     |                 | 5              |             |             |
| PLEASANTON   |              | 1        | :36        |                     |                 | 2              |             |             |
| SPEAR ST.    |              | 3        | 3:17       |                     |                 | 5              |             |             |
| W.P. 800#    |              | 1        | :54        |                     | 1               |                |             |             |

D = MCI FAILURE

E = DSU IN TEST/DSU DROP DSR

F = OTHER LINE PROBLEMS

PLUS 9 HOST OUTAGES

SBC 003335

2000  
A:0719801.025

HOST OUTAGES

|      |   |       |
|------|---|-------|
| 6/18 | PORTS NOT OPENED AUTOMATICALLY<br>CODES CHANGES MADE TO TINA  | 00:10 |
| 6/21 | TTOPS FAILURE (REFRESH LATE)<br>CODE CHANGES MADE TO TTOPS (BEATTIE)  | 02:40 |
| 6/22 | AIR CONDITIONING FAILURE<br>IMPROVED PREVENTIVE MAINTENANCE   | 06:24 |
| 6/23 | OPERATOR ERROR (CROSS DOMAIN LINK)<br>ENHANCED RECOVERY IMPLEMENTED   | 01:04 |
| 6/27 | HOST HARDWARE (CHANNEL DATA CHECK)<br>ENHANCED RECOVERY IMPLEMENTED   | 00:54 |
| 7/5  | ADQUEUE LOADED ON WRONG SYSTEM (REFRESH LATE)<br>CODE CHANGES MADE TO PODM (BEATTIE)<br>ENHANCED PROCEDURES | 02:15 |
| 7/7  | PROCEDURAL ERROR WHILE ADDING AA TO PRODIGY<br>ENHANCED PROCEDURES  | 01:00 |
| 7/8  | BAD TTOPS DATA (REFRESH LATE)<br>REMOVED BAD DATA<br>PROBLEM ANALYSIS ONGOING (PEPPER)                      | 00:36 |
| 7/17 | AIR CONDITIONING FAILURE<br>REPLACED FAILED EQUIPMENT   | 03:00 |

SBC 003336

a:05028801.025

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**Exhibit C**

PLS OUTAGE ACTION SUMMARY 7/14

MCI NETWORK PERFORMANCE

- 0 MCI CHANGE MANAGEMENT  
DAILY EVENT MANAGEMENT WITH 3RD LEVEL
- 0 T1 TRIANGLE IMPLEMENTATION  
PLEASANTON/BERKELEY 7/12
- 0 800 AUTO RETRY RECEPTION SYSTEM  
FIELD RELEASE - JUNE
- 0 'FRAME SLIP'  
BEGIN MCI TESTING 7/15

DSU SENSITIVITY

- 0 MCI HAS CERTIFIED 5822
- 0 PRODIGY LAB TESTING COMPLETED
- 0 PRODIGY FIELD TESTING BEGUN 7/14 7/18 7/22

SERIES 1 SOFTWARE

- 0 TOCS OBJECT CORRUPTION  
DEVELOPMENT FIX OUT OF S&AT 7/14
- 0 TOCS STOPPED/OLD CONTENT  
DIAGNOSTIC TRAP BEING DESIGNED (NAKASHIAN)
- 0 BERKELEY - LOST COMMUNICATION  
IMPROVED REMOTE S/1 DUMP CAPABILITY BEING DESIGNED  
(NAKASHIAN)

S/1 DEVELOPER PAGERS/TEMPORARY PROCEDURE IN PLACE

- 0 TCS OMCM9  
DEVELOPMENT FIX OUT OF S&AT 7/14

SBC 003337

A:0713803.025

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Exhibit 6

MEMBER IMPACT ANALYSIS

|  | <u>JUNE<br/>PLS<br/>AVAIL.</u> | <u>ESTIMATED<br/>LOGON<br/>FAILURES</u> | <u>ESTIMATED<br/>SESSIONS<br/>INTERRUPTED</u> |
|--|--------------------------------|---|---|
| BLOOMFIELD                             | 96.60%                         | 80/2016                                 | 11/1935                                       |
| SOUTHBURG                              | 97.50%                         | 48/1466                                 | 8/1418  |
| WHITE PLAINS                           | 97.12%                         | 5/164                                   | 1/159   |
| <br>NORWALK                            | <br>97.50%                     | <br>90/2973                             | <br>15/2883                                   |
| <br>ATLANTA                            | <br>97.16%                     | <br>360/10355                           | <br>61/9995                                   |
| <br>BERKELEY                           | <br>97.23%                     | <br>68/2099                             | <br>20/2031                                   |
| PLEASANTON                             | 97.76%                         | 30/1302                                 | 7/1272  |
| PALO ALTO                              | 97.25%                         | 151/4529                                | 31/4378                                       |
| SAN FRANCISCO<br>(SPEAR STREET)        | 97.12%                         | 57/1609                                 | 14/1552                                       |
| <br>TOTAL                              | <br>889/26513                  | <br>168/25623                           |   |
| <br><u>AVAILABILITY<br/>COMPARISON</u> | <br><u>97.3%</u>               | <br><u>96.6%</u>                        | <br><u>99.3%</u>                              |

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Exhibit C

FIELD TECHNICAL OPERATIONS  
MARKET ENTRY REVIEW  
JULY 20, 1988

PLS'S UNDER CONSTRUCTION:

SAN JOSE

CURRENT STATUS

INSTALLATION STARTED

LA ADI:

|   |               |                                 |
|---|---------------|---------------------------------|
| 0 | SHERMAN OAKS  | CONNECTIVITY ESTABLISHED        |
| 0 | CHINO         | CONNECTIVITY ESTABLISHED        |
| 0 | WHITTIER      | CONNECTIVITY ESTABLISHED        |
| 0 | SAN PEDRO     | CONNECTIVITY ESTABLISHED        |
| 0 | EAGLE ROCK    | INSTALLATION COMPLETED          |
| 0 | IRVINE        | INSTALLATION COMPLETED          |
| 0 | ANAHEIM       | INSTALLATION COMPLETED          |
| 0 | THOUSAND OAKS | INSTALLATION STARTED            |
| 0 | SAN DIEGO     | INSTALLATION STARTED            |
| 0 | INGLEWOOD     | FX INSTALLED,<br>SITE SELECTION |
| 0 | SANTA BARBARA | LEASE SIGNED, 800 #             |

SACRAMENTO ADI:

|   |            |                      |
|---|------------|----------------------|
| 0 | MODESTO    | INSTALLATION STARTED |
| 0 | SACRAMENTO | INSTALLATION STARTED |

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RRF/4

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Exhibit C

FIELD TECHNICAL OPERATIONS  
MARKET ENTRY REVIEW  
JULY 20, 1988

'CALIFORNIA TRIANGLE' T1

|    |   |           |
|----|---|-----------|
| 0  | SHERMAN OAKS - WHITE PLAINS               | COMPLETED |
| 0. | SHERMAN OAKS - PLEASANTON                 | COMPLETED |
| 0  | PLEASANTON - WHITE PLAINS<br>AT&T CIRCUIT | COMPLETED |
| 0  | SF PLS - PLEASANTON<br>PLEASANTON ON T1   | COMPLETED |
|    | 3 PLS' MOVED TO T1                        | COMPLETED |

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Exhibit C

FIELD TECHNICAL OPERATIONS  
MARKET ENTRY REVIEW  
JULY 20, 1988

| 1989 ROLLOUT PLAN |                              | CURRENT STATUS    |
|-------------------|------------------------------|-------------------|
| ADI'S:            |                              |                   |
| 0                 | DETROIT(3)                   | LEASE NEGOTIATION |
| 0                 | BOSTON (3)                   | LEASE NEGOTIATION |
|                   | - 1 LEASE SIGNED             |                   |
| 0                 | NEW YORK (5)                 |                   |
|                   | - MANHATTAN, QUEENS          | LEASE NEGOTIATION |
|                   | - NASSAU CO, NEW JERSEY      | LEASE NEGOTIATION |
| 0                 | WASHINGTON, DC/BALTIMORE (4) | SITE SELECTION    |
| 0                 | PHILADELPHIA (7)             | SITE SELECTION    |
| 0                 | DENVER (1)                   | SITE SELECTION    |
| 0                 | CLEVELAND (2)                | SITE SELECTION    |

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Exhibit C

SIGNED CONTRACTS SINCE 6/29

PACKAGES

CATALOG/RETAIL

- K-MART  
- TIME-LIFE BOOKS 2

FINANCIAL SERVICES:

- DOW JONES/WSJ 1

NATIONAL MARKETING:

- APPLE COMPUTER  
- BRITANNICA SOFTWARE  
- BROOKTROUT TECHNOLOGY  
- DOLE PACKAGE FOODS  
- HAYES MODEMS  
- NEC INFO SYSTEMS 6

TRAVEL:

- SITMAR CRUISES 1

TOTAL = 10

SBC 003342

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Exhibit D

COMMERCIAL MARKETING

CONTRACT STATUS

AS OF 07/18/88

|                        | <u>IN 1988</u> | <u>CUMULATIVE</u> |
|------------------------|----------------|-------------------|
| SALES PACKAGES         | 48             | 113               |
| SPECIALTY APPLICATIONS | 7              | 15                |
|                        | —              | —                 |
| TOTAL                  | 55             | 128               |
| CLIENTS                | 118            |                   |

PROSPECTS

|                        |    |
|------------------------|----|
| SALES PACKAGES         | 14 |
| SPECIALTY APPLICATIONS | 7  |
|                        | —  |
| TOTAL                  | 21 |

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Exhibit D

SALES PACKAGES

LIKELY PROSPECTS

PAGE 1 OF 2

BANK MARKETING

- BANK OF AMERICA
- COMERICA
- SOVRAN

3

CATALOG/RETAIL

- CARSON, PIRIE, SCOTT
- EGGHEAD SOFTWARE

2

FINANCIAL SERVICES

- BUSINESS WEEK
- STANDARD & POORS
- U.S. POST OFFICE
- VALUE LINE
- JOHN HANCOCK

5

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A:06288PH2.CAG

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**Exhibit D**

SALES PACKAGES

LIKELY PROSPECTS

PAGE 2 OF 2

NATIONAL

- CAMPBELL SOUP
- GENERAL MILLS
- KODAK

3

TRAVEL

- EASTON PRESS

1

TOTAL

14

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Exhibit D

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# COMMERCIAL DESTINATION CATEGORIES

**SHOPPING I**

Grocery

**SHOPPING II**

Your Home

**FINANCE**

Banking

Travel

Auto

Insurance

Pastimes

PC Software

Credit/Loan

Boutiques

PC Products

Investments

Apparel/  
Accessories

Audio/Video

Dept. Stores

Photography

Sports, Etc.

SBC 003346

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# BANKING

---

A Leading Bank in Each Launch Market

Providing:      Electronic Branch  
                    Account Look-Up  
                    Funds Transfer  
                    Bill Payment  
                    Messaging

|                 |  |
|-----------------|--|
| Connecticut     | B.N.E.                                   |
| Atlanta         | <b>C &amp; S</b>                         |
| California      | <b>Great Western*</b> , B of A, Citibank |
| Detroit         | <b>NBD, Comerica, Toledo Trust,</b>      |
| Boston          | B.N.E.                                   |
| Washington D.C. | Sovran                                   |
| Baltimore       | Sovran                                   |
| Philadelphia    |  |
| New York        | <b>MHT, Citibank</b>                     |
| Denver          | <b>Comerica</b>                          |
| Cleveland       | Toledo Trust                             |
| Miami           | <b>C &amp; S</b>                         |
| Seattle         | B of A                                   |
| Houston         |  |
| Dallas          |  |
| Chicago         | <b>Citibank, NBD</b>                     |

---

**Contracts:** MHT, C&S, Toldeo Trust, Great Western\*, NBD, Comerica

**Contract Negotiations:** Citibank, B of A, Sovran

**Field Test:** B.N.E.

\*Ad Package Only

SBC 003347

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## **GROCERY**

---

A quality grocery provider in  
each launch market:

4,000+ Items  
Home Delivery

|                     |                          |
|---------------------|--------------------------|
| Connecticut         | Haberman/D'Agostino      |
| Atlanta             | <b>Kroger</b>            |
| San Francisco       | <b>Grocery Express</b>   |
| Sacramento          | Market Wholesale Grocery |
| Southern California |                          |
| Detroit             | Kroger                   |
| Boston              | Haberman/D'Agostino      |
| Washington D.C.     | Giant                    |
| Baltimore           |                          |
| Philadelphia        |                          |
| New York            | Haberman/D'Agostino      |
| Denver              | Kroger                   |
| Cleveland           |                          |
| Miami               |                          |
| Seattle             |                          |
| Houston             | Kroger                   |
| Dallas              | Kroger                   |
| Chicago             | <b>Nash Finch</b>        |

---

**Contracts:** Kroger, Grocery Express , Nash Finch

**Contract Negotiations:** Haberman/D'Agostino/Supervalu

SBC 003348

## COMMERCIAL DESTINATION CATEGORY

# G R O C E R Y

1. Grocery Stores

2. Carnation

3. Pillsbury

4. Procter & Gamble

9.

5.

6.

### UNDER DEVELOPMENT:

Dole Package Food

### KEY PROSPECTS:

Campbells Soup  
General Mills

SBC 003349

D/20:5-23-88

Exhibit D

## COMMERCIAL DESTINATION CATEGORY

# TRAVEL

**Description:** Will become next Commercial Building to provide Members the ability to choose from a variety of travel options and book transportation, lodging, tours, and cruises based on the type of activity / destination.

1.

### TRAVEL CENTRAL

Steven Birnbaum, Travelog, Travel Forecast

2. BritRail

3. British Tourist Authority

4. Norwegian Cruise Line

5. Trusthouse Forte

6. Air France

7. Eaasy Sabre

#### UNDER DEVELOPMENT:

- Sheraton
- Edwards & Edwards
- Alamo
- Rosenbluth
- American On-Line Service
- Allstate Motor Club
- Budget Rent A Car
- Cortell Atlantic & Pacific
- Globus Gateway
- National Car Rental
- Sitmar Cruises

#### KEY PROSPECTS:

Official Recreation Guide  
Cruise Scan Database

SBC 003350

D/205-23-88

Exhibit D

## COMMERCIAL DESTINATION CATEGORY

# DEPT. STORES

**Description:** Members will look in this category for clients recognized as Department Stores. Their product offerings will cover many other categories.

1.

### DEPT. STORES CENTRAL

News by Industry: Retail, Personal, CR Library, etc.

2. Sears

3. JC Penney

4. Neiman Marcus

5.

6.

7.

### UNDER DEVELOPMENT:

- The Broadway
- Lechmere
- K mart

### KEY PROSPECTS:

Carson, Pirie, Scott & Co.  
Harris Dept. Stores

SBC 003351

D/205-23-88

**Exhibit D**

## COMMERCIAL DESTINATION CATEGORY

### BOUTIQUES

**Description:** This miscellaneous category is intended to be a browsing category for Members. Clients will move from this category to their own when sufficient additional clients are live (example: CHANEL to a fragrances/cosmetics category).

|    |   |  |
|----|---|--|
| 1. | <b>BOUTIQUES CENTRAL</b><br>Under 21, Carmen Sandiego, etc. |  |
| 2. | The Right Start   | 6. Current   |
| 3. | Nestles   | 7. Sophisticated Legs  |
| 4. | Disney  | <u>UNDER DEVELOPMENT:</u>  |
| 5. | CHANEL  | <input type="checkbox"/> The Great Living Catalog<br><input type="checkbox"/> PetWorks<br><input type="checkbox"/> Texas Instruments |

#### KEY PROSPECTS:

Compartments (Div. Carson, Pirie, Scott)  
TSR (Toys / Games / Hobbies)

SBC 003352

## COMMERCIAL DESTINATION CATEGORY

# PASTIMES

**Description:** Provides members with a variety of ENTERTAINMENT choices focusing on BOOKS, RECORDED MUSIC and miscellaneous activities. As content expands for sub-categories within PASTIMES, new destination categories will be developed.

1.

### PASTIMES CENTRAL

Book Tip, Bridge, Encyclopedia Britannica, Diehi, ivmusic Tip, Etc.

2.

McCall's  
Cooking School

3.

Reading  
Center

4.

Knowledge  
Collection

5.

Your  
Opinion

6.

Showtime

### UNDER DEVELOPMENT:

- Bantam Books
- Doubleday Books
- Musicland (Sam Goody)
- Time/Life Books

### KEY PROSPECTS:

Musicland (Data Base)  
Walden Books (DataBase)

SBC 003353

D/205-23-88

**Exhibit D**

## COMMERCIAL DESTINATION CATEGORY

# PC SOFTWARE

**Description:** Software publishers will provide detailed product information; Computer Express will provide a Discount Fulfillment data base; and PC Software Central will provide product reviews.

1.

### PC SOFTWARE CENTRAL

Alsop, Industry News, PC News, Consumer Reports (PC)

2. Spinnaker Software

3. Software Publishing Corporation

4. Power Up!

5. Broderbund Software

6. Computer Express

7.

### UNDER DEVELOPMENT:

- Activision/Infocom
- Microsoft
- Computer Express (Data Base / Fulfillment)
- Britannica Software
- Brooktrout Technology

### KEY PROSPECTS:

Egghead Software

SBC 003354

## COMMERCIAL DESTINATION CATEGORY

# PC PRODUCTS

**Description:** This category will cover PC Hardware, Peripherals and Accessories. Purchasing will take place both directly and via computer retailers/catalogers.

1.

### PC PRODUCTS CENTRAL

PC News, Consumer Reports (Printers), Alsop

2. Dartek

3. NEC Home Electronics

4. IBM

5. Data Set Cable

6. Computer Express

7.

### UNDER DEVELOPMENT:

- Apple
- Hayes
- NEC Information Systems

### KEY PROSPECTS:

SBC 003355

## COMMERCIAL DESTINATION CATEGORY

# AUDIO / VIDEO

Description: Manufacturers of Audio and Video products will be joined by catalogers and retailers.

1.

### AUDIO/VIDEO CENTRAL

Inside Soaps, Movie Srch. (DB), Movie Tip, Cnsmr. Rpts. Cable TV, etc.

2. SONY - Television

3. Technics

4. Panasonic

5. Sony - VCR  
Camcorders

6. NEC

7.

8.

### UNDER DEVELOPMENT:

9. Lechmere

### KEY PROSPECTS:

SBC 003356

## COMMERCIAL DESTINATION CATEGORY

# PHOTOGRAPHY

**Description:** The Photography category will feature the top camera and film manufacturers, film processing laboratories, retailers and catalogers.

1.

**PHOTOGRAPHY CENTRAL**  
Photo News, Art Gallery

2. Polaroid

3. Fuji

4.

5.

6.

7.

UNDER DEVELOPMENT:

Nikon  
 K mart

### KEY PROSPECTS:

Kodak

SBC 003357

D/205-23-88

**Exhibit D**

# COMMERCIAL DESTINATION CATEGORY

## INSURANCE

**Description:** All insurance companies will appear in this category until segmented into the types of insurance provided (Life, Health, Auto, etc.).

1. Aetna

2. Allstate - Property & Casualty

3. Colonial Penn

4. Animal Health

5.

6.

7.

### UNDER DEVELOPMENT:

- Travelers
- Washington National Life
- Sun Life
- Allstate Life

### KEY PROSPECTS:

John Hancock

SBC 003358

# COMMERCIAL DESTINATION CATEGORY

## INVESTMENTS

Description: The Investments category will migrate to logical groups based on product offerings (stocks, mutual funds, CD's, Bonds, Real Estate, etc.).

1. Sears Financial Network

2. Coldwell Banker  
Real Estate

3. Dean Witter

4. Dreyfus

5.

6.

7.

### UNDER DEVELOPMENT:

- Pershing (Brokerage)
- Scudder
- 20th Century Investors
- Dow Jones NewsRetrieval
- Principle Financial
- Dow Jones/WSJ - Barrons

### KEY PROSPECTS:

Business Week  
Standard & Poors  
Value Line

SBC 003359

SHOPPING PROMOTIONS - 1988

SHOWER OF SAVINGS

APRIL

SUMMER SAVINGS DAYS

AUGUST - SEPTEMBER

SHOPPING "SWEEPSTAKES"

SEPTEMBER - DECEMBER

HOLIDAY SHOPPING EVENT

NOVEMBER - DECEMBER

SBC 003360

**Exhibit D**

1988 CLIENTS WITH EOB

BANTAM, DOUBLEDAY, DELL  
COMPUTER EXPRESS  
DARTEK  
JC PENNEY  
NEIMAN MARCUS  
RELIABLE HOMEOFFICE  
THE RIGHT START  
SEARS  
WALT DISNEY  
THE WOODEN SPOON

1988/89 EOB TO COME

CURRENT  
FLORSHEIM  
GREAT LIVING CATALOG  
THE KNOWLEDGE COLLECTION  
PETWORKS  
REI  
SPIEGEL

SBC 003361

Exhibit D

## 1988/89 DATABASE CLIENTS

| <u>CATEGORY</u>        | <u>CLIENT(S)</u>        | <u>ESTIMATED RECORDS</u> | <u>SIGNED</u> | <u>LIVE</u> |
|------------------------|-------------------------|--------------------------|---------------|-------------|
| SOFTWARE               | COMPUTER EXPRESS        | 2,500                    | 2Q88          | 3Q88        |
| MUSIC-POPULAR          | MUSIC LAND              | 15,000                   | 3Q88          | 1Q89        |
| -CLASSICAL             | MUSIC LAND              | 15,000                   | 1Q89          | 3/4Q89      |
| -BROADWAY              | MUSIC LAND              | 5,000                    | 1Q89          | 3/4Q89      |
| -MOVIES                | MUSIC LAND              | 25,000                   | 1Q89          | 3/4Q89      |
| BOOKS                  | WALDENBOOKS             | 25,000                   | 3Q88          | 1/2Q89      |
| TOOLS & HARDWARE       | SEARS                   | 8,000                    | 3Q88          | 1/2Q89      |
| PHOTOGRAPHY            | RITZ, CAMERA SHOP       | 3,000                    | 4Q88          | 2/3Q89      |
| CONSUMER ELECTRONICS   | LECHMERE, CIRCUIT CITY  | 5,000                    |               |             |
| SPORTING GOODS         | OSHMAN'S, HERMAN'S      | 500                      | 2-1Q89        | 3/4Q89      |
| SMALL APPLIANCES       | LECHMERE                | 1,000                    | 2-2Q89        | 4Q89/1Q90   |
| TOYS                   | TOYS-R-US, HOBBY CENTER | 2,500                    | 1-3Q89        | 1/2Q90      |
| OFFICE SUPPLIES        | RELIABLE, QUILL         | 10,000                   | 1-4Q89        | 2/3Q90      |
| AUTOMOTIVE ACCESSORIES | SEARS                   | 10,000                   |               |             |

SBC 003362

## ARTEC CUG DEMO

### 0 BUSINESS REASONS FOR CUG

- IMAGE
- CONTROL
- SECURITY

### 0 CUG DEVELOPMENT

- ARCHITECTURAL ISSUE/BUSINESS SERVICE NEED
- COMPROMISES
  - LEAST IMPACT
  - MOST FUNCTION

### 0 TOUR GUIDE

- WHAT'S DIFFERENT/SAME
- WHAT'S GOING ON UNDER THE COVERS

SBC 003363

A:0718801.047

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Exhibit E

ARTEC CLOSED USER GROUP

- 0 USER ID GENERATION
- 0 PROFILE
- 0 LOGON
- 0 HIGHLIGHTS
- 0 AD QUEUE
- 0 PRODIGY SERVICES ASSISTANT
  - JUMPWORDS
  - INDEX
  - VIEWPATH
  - GUIDE
  - TOOLS
- 0 MAILBOX
- 0 ENFORCEMENT

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A:0713801.047

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Exhibit E

CHARTER PROGRAM  
ORDER FORECAST

|                 | <u>ORIGINAL<br/>PLAN</u> | <u>REVISED<br/>FORECAST</u> | <u>VAR.</u> |
|-----------------|--------------------------|-----------------------------|-------------|
| DIRECT ORDERS   | 5,200                    | 5,000                       | (200)       |
| SPECIALTY/MISC. | <u>4,430</u>             | <u>4,630</u>                | <u>200</u>  |
|                 | 9,630                    | 9,630                       | 0           |

NEW FORECAST ASSUMPTIONS

- o ACTUAL CIRCULATION OF MAIL
- o ACTUAL DROP DATES
- o SPECIALTY ALLOCATION INCREASED

SBC 003365

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

Exhibit F

ORDERS AS OF 7/15/88

|             | <u>ORDERS</u> | <u>MODEMS</u> | <u>%</u> |
|-------------|---------------|---------------|----------|
| FOUNDING    | 3,234         | 606           | 19%      |
| CHARTER     | <u>5,124</u>  | <u>402</u>    | 8%       |
| TOTAL GROSS | 8,358         | 1,008         | 12%      |
| TOTAL NET   | 7,615         | 909           | 12%      |
| GOAL        | 12,630        |               |          |

ENROLLMENTS AS OF 7/15/88

|          | <u>ENROLLMENTS</u> | <u>%</u> |
|----------|--------------------|----------|
| FOUNDING | 2,241              | 72%      |
| CHARTER  | <u>1,305</u>       | 29%      |
| TOTAL    | 3,546              | 47%      |

SBC 003366

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

## FOUNDING MEMBER ACTIVATION PROGRAM

|          |  |      |
|----------|--|------|
| STEP I   | FOLLOW UP TELEPHONE CALL                       | 6/29 |
|          | SORT PROBLEMS                                  |      |
|          | REFER TECHNICAL PROBLEMS TO MSS FOR CALL BACK  |      |
|          | DIRECT THEM TO ENROLL A.S.A.P.                 |      |
| STEP II  | PRIZE POST CARD                                | 7/21 |
|          | TO THOSE STILL UNENROLLED WHO ARE NOT          |      |
|          | ACTIVE TECHNICAL PROBLEMS AND STILL INTERESTED |      |
| STEP III | LETTER FROM R. S. GLATZER                      | 8/15 |
|          | "HELP US SERVE YOU BETTER AND HOW HAVE         |      |
|          | WE FAILED YOU" MESSAGE                         |      |
| CHAPTER  | 11205  | 200  |

SBC 003367

A:06298MK1.055

PRODIGY INTERNAL USE ONLY

Exhibit F

FOUNDING MEMBER PROGRAM  
NON-ENROLLEE FOLLOW-UP

STATUS

|                          |           |
|--------------------------|-----------|
| TOTAL UNENROLLED MEMBERS | 1001      |
| CALLED THROUGH 7/16      | 777 (77%) |

RESULTS

|                       |     |
|-----------------------|-----|
| ALREADY ENROLLED      | 204 |
| WILL ENROLL           | 384 |
| TECHNICAL PROBLEMS    | 75  |
| FULFILLMENT PROBLEMS  | 44  |
| NOT QUALIFIED         | 39  |
| KIT NOT RECEIVED      | 17  |
| NO LONGER INTERESTED  | 14  |
| BAD TELEPHONE NUMBERS | 28  |

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A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

NON-ENROLLEE FOLLOW-UP  
REASONS FOR NOT ENROLLING

- 6           RELOCATING COMPUTERS
- 22          HAD TECHNICAL PROBLEMS THAT HAVE BEEN  
                RESOLVED WILL TRY AGAIN
- 35          HARDWARE/PHONE LINE IN STATE OF REPAIR
- 98          OUT-OF-TOWN/VACATION/ILLNESS
- 223        VERY BUSY
- 384

SBC 003369

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

**Exhibit F**

## DORMANT USER PROGRAM

### IMMEDIATE STEPS

- o RESEARCH TO IDENTIFY REASONS FOR DORMANCY
  - TELEMARKETING
  - REASONS
    - . NOVELTY
    - . SEASONALITY
    - . TECHNICAL ISSUES
- o IMPLEMENT PROGRAM 8/15

SBC 003370

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

Exhibit F

## APPLE OVERVIEW

- 0 '89 STRATEGY IS INSTALLED BASE MARKETING (OCTOBER-DECEMBER IS THEIR FIRST QUARTER).
  - SELL APPLE LINK, PRINTERS, ETC., TO INSTALLED BASE.
  - SPRINGBOARD OFF EDUCATION (SCHOOLS) TO SELL-IN TO THE HOME.
  - AGGRESSIVELY PROMOTE IIC (LOW END) AND IIGS FOR CHRISTMAS.
- 0 APPLE VIEWED PRODIGY AS PLAYING A KEY ROLE IN HELPING THEM SELL-IN TO THEIR INSTALLED BASE.
- 0 APPLE TARGETED TANDY AS THEIR #1 COMPETITOR.

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A:07198802.024

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Exhibit F

APPLE SURROGATE DISCUSSION

- 0     APPLE PREFERS TO COVER APPLE IIC, E IN SOME MANNER IF POSSIBLE, E.G. INCLUDING POSSIBLE UPGRADE STRATEGY IF NECESSARY.
  
- 0     APPLE EXPECTING TO WORK WITH US ON IIGS, IN COLOR, FOR NOVEMBER/DECEMBER.

SBC 003372

A:07198802.024

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Exhibit F

## APPLE II SURROGATE ALTERNATIVES

- 1) PROVIDE SURROGATE COVERAGE AS PLANNED FOR IIC, E, AND CONCURRENTLY DEVELOP SOME TYPE OF UPGRADE PROGRAM WITH APPLE.
  - 0 APPLE, FOURTH QUARTER '88, WILL OFFER IIC WITH INCREASED SPEED (1 MGH TO 4 MGH).
  - 0 IIC IS UPGRADEABLE FROM 128K TO 512K (SOME OWNERS ALREADY HAVE).
  - 0 DURING TIME THAT SURROGATE IS IN PLACE, DEVELOP 512K AS THE ENTRY LEVEL PLAN.
  - 0 PROBE FEASIBILITY OF NATIVE IIC, E.
- 2) ENTER MARKET WITH LIMITED IIC, E PROGRAM.
  - 0 SELECTIVE COVERAGE FOR SCHOOLS.
  - 0 SELECT 1,000-2,000 FOUNDING MEMBER APPLE II OWNERS AS OUR ADVISORS.

SBC 003373

A:07198802.024

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**Exhibit F**

O TEST APPLE II OWNERS ACCEPTANCE OF THE SERVICE:

- VS MS-DOS OWNERS.
- VS GS AND MAC OWNERS.

O LIMIT GEOGRAPHICAL COVERAGE (E.G. ATLANTA ONLY).

O KEEP OPTIONS OPEN TO DO THE FOLLOWING:

- OPEN UP APPLE II COVERAGE IN THE MARKETPLACE.
- DROP SURROGATE STRATEGY AND CONVERT, VIA TRADE-IN PROGRAM, EXISTING MEMBERS TO IIGS.

SBC 003374

A:07198802,024

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**Exhibit F**

## MARKET COVERAGE STRATEGY

### ADVANTAGES

- o MAXIMIZES APPLE RELATIONSHIP.
- o PROVIDES GREATER OPPORTUNITY FOR INCREASING THE MEMBER BASE.
- o COST
- o COMPLEXITY OF HANDLING FUTURE APPLE II PROSPECTS.

### DEPENDENCIES

- o DEVELOPING WORKABLE UPGRADE STRATEGY.

SBC 003375

A:07198802.024

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**Exhibit F**

## LIMITED COVERAGE STRATEGY

### ADVANTAGES

- o ALLOWS US TIME TO MONITOR AND MODIFY SURROGATE STRATEGY.
- o PROVIDES FLEXIBILITY FOR LATER IMPLEMENTATION OR DISCONTINUANCE.
- o DEMONSTRATES TO THE MARKET-PLACE (ALONG WITH IIGS AND MAC) THAT WE ARE SERIOUS ABOUT APPLE RELATIONSHIP/LEARNING.

### DISADVANTAGES

- o DOES NOT DELIVER LARGE NUMBERS OF MEMBERS TO US.
- o MAY NOT PROVIDE LARGE ENOUGH ADVERTISER BASE TO SUPPORT APPLE ON PRODIGY.
- o COULD CAUSE COMMUNICATIONS CHALLENGES WITHIN APPLE II COMMUNITY.

ENTER THE MARKET WITH IIGS (COLOR) SURROGATE COVERAGE AND '89 MAC COVERAGE (DEVELOP NATIVE APPLICATION FOR IIGS).

SBC 003376

A:07198802.024

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Exhibit F

## UPDATES

### TANDY

- 256K ISSUE/RE-THINK SALES STRATEGY
- TANDY DESKIMATE/PC LINK PLAN

### APPLE

- APPLE IIc,E ISSUE/RE-THINK SALES STRATEGY
- APPLE IIGS MERCHANDISE PLAN-RETAIL/MFG
- SPECIALTY MARKETING ACTIVITY

### IBM

- MODEL 25 CO-MARKETING PLAN
- C&S/INACOMP VAD/VAR PLAN

### HAYES

- 2400 BAUD MODEM

SBC 003377

A:07208MK1.055

PRODIGY INTERNAL USE ONLY

Exhibit F

# 1988 MILESTONES

| <u>Dept</u> | <u>Milestone</u>  | <u>Orig</u> | <u>Rev</u> | <u>Dates</u><br><u>Comp</u> |
|-------------|---|-------------|------------|-----------------------------|
| PD/SD/STT   | Dow Jones Gateway And First Phase Of Dow Jones Application Available                                | 1/15        |            | 12/15/87                    |
| MM          | Subscriber Acquisition Support Systems In Place For Founding Member Program (REPLACEMENT)           |             | 2/29       | 4/05                        |
| MM          | All Subscriber Acquisition Programs And Systems In Place For Launch Markets (REPLACED) (Orig: 3/31) |             |            |                             |
| MM          | Subscriber Acquisition Support Systems In Place (REPLACED)(Orig: 3/31)                              |             |            |                             |
| MS/PD/STT   | Rehearsal Of Expanded Hours Of Operation (To 21 Hours)  | 3/31        |            | 4/04                        |
| CM/PD       | 60 Client Packages Live   | 3/31        |            | 3/30                        |
| CM          | Contracts Signed In 1Q: 20 Packages, 1 MHT Replication, 1 Record Database Client                    | 3/31        |            | 5/25                        |
| SD          | New Version Of Installation Procedure And New Enrollment Available                                  | 4/15        |            | 4/05                        |
| MM          | Recruitment of 1000 – 1500 Founding Members In Hartford, Atlanta, And San Francisco (REPLACEMENT)   | 4/30        |            | 4/15                        |
| COM         | Launch In Atlanta and Connecticut   | 4/15        | 5/25       | 6/06                        |
| SD          | Support For Tandy 1000 And IBM PS/2 In Native Graphics Mode Available (PC Jr. Deferred to 9/30)     | 4/15        | 5/15       | 5/23                        |

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# 1988 MILESTONES

| <u>Dept</u> | <u>Milestone</u>   | <u>Orig</u> | <u>Dates</u> |             |
|-------------|--|-------------|--------------|-------------|
|             |  |             | <u>Rev</u>   | <u>Comp</u> |
| MM          | Subscriber Acquisition Support Systems In Place For Charter Member Programs (REPLACEMENT)            | 5/15        |              | 6/13        |
| COM         | Launch In San Francisco  | 5/05        | 6/06         | 6/06        |
| PD/SD/STT   | Kroger Gateway And Grocery Shopping Application Available In Atlanta                                 | 6/15        |              | 6/30        |
| CM/PD       | 75 Client Packages Live  | 6/30        |              |             |
| CM          | 6 Mos. Contracts Signed: 45 Packages   | 6/30        |              | 6/30        |
| CM          | 6 Mos. 1 Service Plus Travel Agent   | 6/30        |              | 6/30        |
| CM          | 6 Mos. 2 Record Database Clients   | 6/30        |              |             |
| BUS         | Close Market Support Service Contract  | 6/30        |              |             |
| BUS/PD/SD   | Pilot Of Artec Service Live (REPLACED) (Orig: 7/15)  |             |              |             |
| PD/SD/STT   | American Airlines Gateway And Phase 1 Application Available – First Preferred Travel Agent           | 7/15        |              | 7/15        |
| MM          | Subscriber Acquisition Support Systems In Place To Support Introductory Member Program (REPLACEMENT) |             | 7/15         |             |
| SD          | Support For MS-DOS Machines With At Least 256K Of Main Memory Available                              | 4/15        | 7/18         |             |
| SD          | Support For Apple II-c, II-e Available   | 4/15        | 7/18         |             |
| PD/SD/STT   | Pershing Brokerage Gateway And Applications Available  |             | 8/31         |             |
| PD/SD/STT   | Grocery Express Gateway And Application Available  |             | 8/31         |             |

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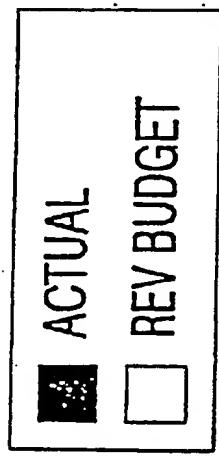
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EXHIBIT G

# NUMBER OF EMPLOYEES

1988



1.0  
0.9  
0.8  
0.7  
0.6  
0.5  
0.4  
0.3  
0.2  
0.1  
0.0

THOUSANDS

SBC 003380

EXHIBIT G

Property of Long Island Data Center

NUMBER OF EMPLOYEES  
JUNE 30, 1988

|  | ACTUAL | REVISED<br>BUDGET | VARIANCE<br>AMT | VARIANCE<br>PCT |
|--|--------|-------------------|-----------------|-----------------|
| MEMBERSHIP MARKETING                       | 56     | 48                | 8               | 17              |
| COMMERCIAL MARKETING                       | 55     | 60                | (5)             | (8)             |
| PRODUCT DEVELOPMENT                        | 179    | 184               | (5)             | (3)             |
| SYSTEMS DEVELOPMENT                        | 175    | 174               | 1               | 1               |
| SYSTEMS OPERATIONS &<br>TELECOMMUNICATIONS | 231    | 239               | (8)             | (3)             |
| BUSINESS SERVICES                          | 11     | 13                | (2)             | (15)            |
| GENERAL & ADMINISTRATIVE                   | 130    | 138               | (8)             | (6)             |
| TOTAL                                      | 837    | 856               | (19)            | (2)             |
| ORIGINAL BUDGET                            | 837    | 903               | (66)            | (7)             |

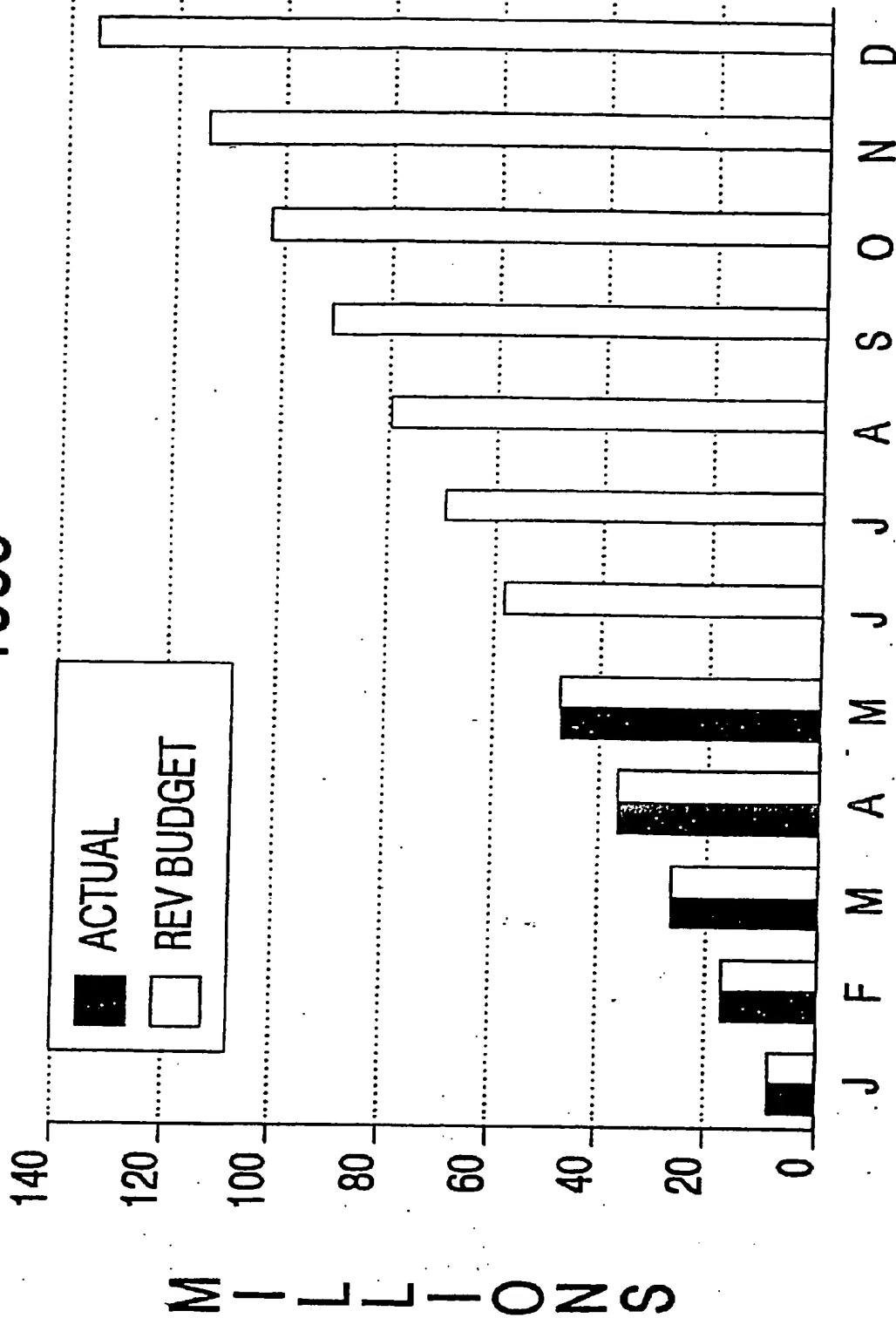
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EXHIBIT G

# TOTAL NET EXPENSE

1988



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EXHIBIT G

NET EXPENSES  
JUNE 1988 - YEAR TO DATE  
(\$ 000's)

|   | ACTUAL        | REVISED BUDGET | VARIANCE       |             |
|---|---------------|----------------|----------------|-------------|
|   | -----         | -----          | AMT            | PCT         |
| <b>REVENUE</b>                          |               |                |                |             |
| MEMBERSHIP MARKETING                    | 51            | 376            | 325            | 86          |
| COMMERCIAL MARKETING                    | 581           | 528            | (53)           | (10)        |
|   | <b>631</b>    | <b>904</b>     | <b>272</b>     | <b>30</b>   |
| <b>EXPENSES</b>                         |               |                |                |             |
| MEMBERSHIP MARKETING                    | 6,535         | 6,648          | (113)          | (2)         |
| COMMERCIAL MARKETING                    | 3,380         | 3,348          | 32             | 1           |
| PRODUCT DEVELOPMENT                     | 8,930         | 8,767          | 163            | 2           |
| SYSTEMS DEVELOPMENT                     | 14,605        | 14,528         | 77             | 1           |
| SYSTEMS OPERATIONS & TELECOMMUNICATIONS | 16,652        | 17,198         | (546)          | (3)         |
| BUSINESS SERVICES                       | 1,374         | 1,621          | (247)          | (15)        |
| GENERAL & ADMINISTRATIVE                | 6,794         | 6,991          | (197)          | (3)         |
|   | <b>58,269</b> | <b>59,100</b>  | <b>(831)</b>   | <b>(1)</b>  |
| NET EXPENSES                            | <b>57,637</b> | <b>58,196</b>  | <b>(559)</b>   | <b>(1)</b>  |
| ORIGINAL BUDGET                         | <b>57,637</b> | <b>63,757</b>  | <b>(6,120)</b> | <b>(10)</b> |

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EXHIBIT G

NET EXPENSES  
JUNE 1988 - YEAR TO DATE  
(\$ 000's)

|                         | ACTUAL | REVISED BUDGET | VARIANCE AMT | VARIANCE PCT |
|-------------------------|--------|----------------|--------------|--------------|
| INCOME<br>SALES         | 631    | 904            | 273          | 30           |
| INTEREST/OTHER          | 280    | 284            | 4            | 1            |
| TOTAL INCOME            | 911    | 1,188          | 277          | 23           |
| EXPENSES                |        |                |              |              |
| SALARIES & BENEFITS     | 24,568 | 24,775         | (207)        | (1)          |
| RELOCATION              | 469    | 475            | (6)          | (1)          |
| RECRUITING              | 1,378  | 1,196          | 182          | 15           |
| TRAVEL                  | 1,167  | 1,050          | 117          | 11           |
| CONTRACT SERVICES       | 4,276  | 4,325          | (49)         | (1)          |
| LEGAL/ADVERT/ACCTG FEES | 1,518  | 1,598          | (80)         | (5)          |
| DP SUPPLIES & EQUIPMENT | 691    | 681            | 10           | 1            |
| EQUIP RENTAL & MAINT    | 641    | 630            | 11           | 2            |
| DEPRECIATION            | 3,018  | 3,167          | (149)        | (5)          |
| DEVELOPMENT SOFTWARE    | 326    | 304            | 22           | 7            |
| DEV SOFTWARE SUPPORT    | 7,046  | 6,778          | 268          | 4            |
| OPERATIONAL SOFTWARE    | 1,040  | 1,172          | (132)        | (11)         |
| DATA COMMUNICATIONS     | 785    | 1,051          | (266)        | (25)         |
| OCCUPANCY               | 6,779  | 6,741          | 38           | 1            |
| MARKETING EXPENSE       | 1,239  | 1,571          | (332)        | (21)         |
| PRODUCT EXPENSE         | 1,538  | 1,830          | (292)        | (16)         |
| OTHER                   | 2,071  | 2,042          | 29           | 1            |
| TOTAL EXPENSES          | 58,548 | 59,384         | (836)        | (1)          |
| NET EXPENSES            | 57,637 | 58,196         | (559)        | (1)          |

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CAPITAL EXPENDITURES  
JUNE 1988 - YEAR TO DATE  
(\$ 000's)

|  | YTD<br>APPROVALS | 1988<br>REVISED<br>BUDGET |
|--|------------------|---------------------------|
| MEMBERSHIP MARKETING                       | 187              | 354                       |
| COMMERCIAL MARKETING                       | 54               | 92                        |
| PRODUCT DEVELOPMENT                        | 359              | 678                       |
| SYSTEMS DEVELOPMENT                        | 242              | 1,015                     |
| SYSTEMS OPERATIONS &<br>TELECOMMUNICATIONS | 9,411            | 15,871                    |
| BUSINESS SERVICES                          | 0                | 113                       |
| GENERAL & ADMINISTRATIVE                   | 2,940            | 12,877                    |
| <b>TOTAL</b>                               | <b>13,193</b>    | <b>31,000</b>             |

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EXHIBIT G

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